



**FOREIGN  
BROADCAST  
INFORMATION  
SERVICE**

# ***Daily Report***

## **China**

**FBIS-CHI-94-241  
Thursday  
15 December 1994**

**This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.**

# Daily Report China

FBIS-CHI-94-241

## CONTENTS

15 December 1994

An \* indicates material not disseminated in electronic form.

### INTERNATIONAL AFFAIRS

#### General

Foreign Ministry Holds Weekly News Conference .....	1
Spokesman Reiterates Stance on Spratlys [XINHUA] .....	1
Li Peng To Visit Burma [XINHUA] .....	1
Wu Yi Seeks 'Positive Results' in GATT Working Group [XINHUA] .....	1
Vice Minister Heads GATT Mission to Geneva [XINHUA] .....	2
Vice Premier Li Lanqing on China's GATT Status [XINHUA] .....	2
More on GATT Status [XINHUA] .....	2
RENMIN RIBAO Article on Reentry into GATT [13 Dec] .....	3
GATT Reentry Conditions Said Fulfilled .....	4
Part 1 [JINGJI RIBAO 22 Nov] .....	4
Part 2 [JINGJI RIBAO 28 Nov] .....	6
Asian Development Bank President Interviewed [XINHUA] .....	8
Correction to Li Lanqing Upbeat on Reentry Timetable .....	8

#### Southeast Asia & Pacific

Construction Minister Hou Jie Arrives in Burma [XINHUA] .....	9
China, SRV Sign Industrial Cooperation Accord [XINHUA] .....	9
Sign Machinery Accord [XINHUA] .....	9
Six Countries Discuss Tourism on Lancang-Mekong River [XINHUA] .....	9

#### West Europe

French Chief of Staff on Upcoming Visit to China [XINHUA] .....	10
'Franco-China 2000 Association' Established in France [XINHUA] .....	10
German Firm Helps To Build Shanghai Electronics Laboratory [XINHUA] .....	10
Spanish Loan Funds Henan Power Plant [XINHUA] .....	10
Court Orders Winding Up of Firm To Settle Damages Claim [Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 15 Dec] .....	11

### NATIONAL AFFAIRS

#### Political & Social

Hou Zongbin Addresses Seminar on Deng's Theory [Jinan Radio] .....	12
Deputy Procurator General on Party Corruption [LIAOWANG 21 Nov] .....	12
Commentator Urges Cadres To Study Law [RENMIN RIBAO 10 Dec] .....	14
17 Die in Qiqihar Discotheque Blaze [AFP] .....	15
Further on Qiqihar Blaze [AFP] .....	15
Chengdu Hand Grenade Kills, Injures 15 [Hong Kong WEN WEI PO 14 Dec] .....	16
Crime and Punishment in the PRC for 1-14 Dec [ZHONGGUO XINWEN SHE, etc] .....	16
Women's TV Program To Begin Daily Airing [XINHUA] .....	22

#### Military

Chengdu Sends 1,000 New Recruits to Tibet [JIEFANGJUN BAO 4 Dec] .....	22
--	----

### Economic & Agricultural

Beijing Holds National Planning Conference [XINHUA] .....	23
Departments Brief NPC on Economy, Security [Beijing TV] .....	25
State Firm Debts Reportedly Top 1 Trillion Yuan [Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 15 Dec] .....	25
Minister Cited on Tackling Enterprise Problems [XINHUA] .....	25
XINHUA Reports Start of Three Gorges Construction .....	26
Dam Aimed at Preventing Flooding [XINHUA] .....	26
Dam Project Detailed [XINHUA] .....	27
China To Continue Export Quota Bids [Tokyo NIHON KEIZAI SHIMBUN 13 Dec] .....	28
Official Says Investors Must Follow Mainland Law [Hong Kong SOUTH CHINA MORNING POST 15 Dec] .....	28
Inflation, Political Situation Worsens Risk Rating [Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 15 Dec] .....	29
Article Praises Shenzhen's Price Control [RENMIN RIBAO] .....	29
State Council Work Group Checks Fujian Finances [Fuzhou Radio] .....	30
Survey Shows Automobile Demand To Rise [XINHUA] .....	31

### REGIONAL AFFAIRS

#### East Region

Jiangxi Province's Rural Enterprises Booming [XINHUA] .....	32
Shanghai Stock Exchange Maps Out '95 Blueprint [XINHUA] .....	32
Stockbroker on Self-Regulation [AFP] .....	32

#### North Region

Hebei Secretary Attends Price Work Conference [HEBEI RIBAO 6 Dec] .....	33
Hebei Reports Personnel Changes [HEBEI RIBAO 3 Dec] .....	33
Hebei To Form Foodstuff Price Regulation Fund [Shijiazhuang Radio] .....	33
Inner Mongolia Secretary on Economic Development [Hong Kong WEN WEI PO 27 Nov] .....	34
Tianjin Personnel Changes Reported [TIANJIN RIBAO 2 Dec] .....	35
Report on Growing Foreign Investment in Tianjin [XINHUA] .....	35

#### Northeast Region

Status in Heilongjiang Contract Grain Purchase Viewed [HEILONGJIANG RIBAO 29 Nov] .....	36
Jilin Bans Fake Enterprises Run by Military [JILIN RIBAO 29 Nov] .....	36
Liaoning Strengthens Local Legislation [XINHUA] .....	36
Correction to Jilin Holds Meeting on Publications .....	36

### TAIWAN

KMT Committee Approves Cabinet Reshuffle [CNA] .....	37
New MAC Chairman Supports Business Hub Plan [CNA] .....	37
Defense Minister: Generals Involved in Crime [Taipei Radio] .....	37

### HONG KONG & MACAO

#### Hong Kong

Lu Ping: Council Debate on PWC 'Unlawful' [Hong Kong SOUTH CHINA MORNING POST 15 Dec] .....	39
Lu Says Stable Finance Vital To Hong Kong [XINHUA] .....	39
Li Ruihuan Meets Chamber of Commerce Group .....	39
XINHUA Domestic Version .....	39
XINHUA English Version .....	40
Further on Wu Yi Comments on Trade Ties [XINHUA] .....	40
XINHUA's Zhou Nan Addresses Anniversary Show .....	41

Bank of China Official on Role After 1997	[Hong Kong TA KUNG PAO 13 Dec]	41
Legislator Resigns To Protest Bill Withdrawal	[Hong Kong EASTERN EXPRESS 15 Dec]	42
'Pro-China' Parties Support Withdrawal of Bill	[Hong Kong EASTERN EXPRESS 15 Dec]	42
Editorial on Government 'Mockery of Democracy'		
	[Hong Kong SOUTH CHINA MORNING POST 15 Dec]	43
Rail Development To Require Beijing Approval		
	[Hong Kong SOUTH CHINA MORNING POST 15 Dec]	43
Growing But Still Minority Support for Beijing Rule		
	[Hong Kong SOUTH CHINA MORNING POST 12 Dec]	44
Yao Yilin's Son 'Tricked' by Scandal-Hit Firm	[Hong Kong EASTERN EXPRESS 15 Dec]	44
176 SRV Migrants Leave for Home	[XINHUA]	45
Basic Law Dramatised in Video Love Story		
	[Hong Kong SOUTH CHINA MORNING POST 13 Dec]	45
Civil Servant Recruitment Welcomes Review	[Hong Kong EASTERN EXPRESS 13 Dec]	45



**General**

**Foreign Ministry Holds Weekly News Conference**

**Spokesman Reiterates Stance on Spratlys**

OW1512090694 Beijing XINHUA in English 0851  
GMT 15 Dec 94

[FBIS Transcribed Text] Beijing, December 15 (XINHUA)—China hopes that the other countries concerned will proceed from the overall objective of preserving regional peace and stability and maintaining good-neighborliness and handle the issue of Nansha Islands properly.

Foreign Ministry spokesman Chen Jian reiterated the stance of China at the weekly news briefing here today when asked by XINHUA to comment on the statement on the islands made by Philippine Foreign Minister Roberto Romulo on December 10.

"China holds indisputable sovereignty over the Nansha Islands and their adjacent waters," he said.

"It has proposed that the disputes in question should be settled peacefully through bilateral consultations and negotiations. Those that cannot be settled for the time being can be shelved, while joint development is undertaken," Chen added.

**Li Peng To Visit Burma**

OW1512083694 Beijing XINHUA in English 0828  
GMT 15 Dec 94

[FBIS Transcribed Text] Beijing, December 15 (XINHUA)—Chinese Premier Li Peng will pay a three-day official goodwill visit to the Union of Myanmar [Burma] starting from December 26, a Foreign Ministry spokesman announced here today.

The visit, described as "a major event" in Sino-Myanmar relations, is aimed at boosting good-neighborly ties and mutually beneficial cooperation between the two countries on the basis of the five-principles of peaceful coexistence, Foreign Ministry spokesman Chen Jian told the weekly news briefing.

The Chinese Premier will go there as guest of Senior General Than Shwe, chairman of the State Law and Order Restoration Council and Prime Minister of the Union of Myanmar.

**Wu Yi Seeks 'Positive Results' in GATT Working Group**

OW1512102794 Beijing XINHUA Domestic Service in Chinese 0915 GMT 14 Dec 94

[By reporter Wen Jihua (2429 4949 5478)]

[FBIS Translated Text] Beijing, 14 Dec (XINHUA)—During her meeting in Beijing with a visiting delegation of the Chinese-Hong Kong Economic and Trade

Chamber of Commerce from Hong Kong today, Wu Yi, minister of foreign trade and economic cooperation, expressed the hope that positive results will be achieved at the 19th meeting of GATT's Chinese working group, which will be held on 20 December in Geneva, so as to conclude essential negotiations on China's reentry into GATT within this year.

At the same time, Wu Yi stressed: Even if China fails to reenter GATT, the process of reform and opening to the outside world will continue in China, and China will continue to develop multilateral and bilateral economic and trade relations with various countries of the world on the basis of equality and mutual benefit in accordance with the requirements of a socialist market economy.

Next year, the Chinese Government will send a Chinese delegation headed by Gu Yongjiang, vice minister of foreign trade and economic cooperation, to Geneva to attend the 19th meeting of the Chinese working group.

Wu Yi said: China has always adopted a positive attitude on the question of reentry into GATT. In the past eight years since it submitted its application to reenter GATT, China has done its utmost in many areas, such as tariff reductions, market access, trade transparency, and protection of intellectual property rights. The conditions for China's reentry into GATT are fully ripe. It should be particularly noted that China fully took part in the Uruguay Round of multilateral trade negotiations and signed the "final document" as well as the World Trade Organization [WTO] agreement. This manifests that China, as a developing country, is willing to undertake the corresponding commitments under the global multilateral trade system. Any act of delaying the process of China's participation in negotiations with the WTO will be harmful to the universality and effectiveness of the WTO.

She said no matter what, essential negotiations on China's reentry into GATT should be concluded within this year. She expressed the hope that some countries concerned should not entertain the false notion that the longer the process is delayed, the more concessions can be exacted from China. They should know when to stop when the price is appropriate instead of asking for an exorbitant price [man tian yao jia 3355 1131 6008 0116].

Wu Yi reiterated that if essential negotiations on China's reentry into GATT are not concluded before the end of this year, the Chinese side will no longer take the initiative to ask for bilateral consultations [bu zai zhu dong yao qiu ju xing shuang bian: cuo shang 0008 0375 0031 0520 6008 3061 5282 5887 7175 6708 4322 0794], nor will it take the initiative to request the holding of a meeting of the Chinese working group.

She stressed: China hopes to restore its status as a contracting party to GATT and to become a founding member of WTO, but "we shall never sacrifice the fundamental interests of our country for the sake of

reentering GATT. No matter how great the external pressure, we shall not barter away principles."

#### **Vice Minister Heads GATT Mission to Geneva**

*OW1512110294 Beijing XINHUA in English 1051  
GMT 15 Dec 94*

[FBIS Transcribed Text] Beijing, December 15 (XINHUA)—A Chinese delegation left here today for Geneva by plane to attend the 19th meeting of the Working Party on China of the General Agreement on Tariffs and Trade (GATT) scheduled to be held in Geneva on December 20.

The mission is headed by Gu Yongjiang, Vice-Minister of Foreign Trade and Economic Cooperation. Also on board was Yu Xiaosong, Deputy Director of the State Commission of Economy and Trade and deputy head of the mission.

Two other deputy heads of the delegation, Long Yongtu, Assistant Minister of Foreign Trade and Economic Cooperation and Jin Yongjian, Chinese Ambassador to Geneva, are already in Geneva.

China has been negotiating with the United States, the European Union, Japan and some other countries since November 28, in an effort for concluding the substantive talks for China's re-entry before the end of the year.

It has been reported that the upcoming meeting of the GATT Working Party on China will decide if the substantive negotiations will be concluded by the year-end.

#### **Vice Premier Li Lanqing on China's GATT Status**

*OW1412135794 Beijing XINHUA in English 1334  
GMT 14 Dec 94*

[FBIS Transcribed Text] Beijing, December 14 (XINHUA)—Chinese Vice-Premier Li Lanqing restated that China will not ask for talks on its own if the upcoming 19th conference of the Working Party on China of the General Agreements On Tariffs and Trade (GATT) fails to reach an agreement.

Li made this statement recently while meeting with a delegation from the Chamber of Commerce of Hong Kong and former Trade Representative of the United States Carla Hills.

He said China had made great efforts during its eight-year endeavor to restore the status of GATT by taking part in all negotiations of the Uruguay Round of talks and signing the final agreements.

As a result, Li said, it is logical and natural for the Chinese government to ask for concluding the substantive negotiations by the end of this year and become a signatory party of GATT, which, according to the Uruguay agreement, is to be taken over by the World Trade Organization as of 1995.

This senior official said that China's resumption of its GATT status and its status as an initiator of the WTO is beneficial not only to China, but also to all the member countries.

It is not only unjust to deny the participation of China in the world trade organization, but will undoubtedly bring harm to the trade body's representation and smooth operation.

"This principled position of China is both serious and constructive," Li noted, adding that China had dispatched delegations to hold talks with parties concerned with the contracts.

He noted that another delegation led by Gu Yongjiang, vice-minister of Foreign Trade and Economic Cooperation, would be sent to Geneva this Thursday [15 December] for the 19th conference of the Working Party on China of GATT.

He said that China expects an agreement on the substantive negotiations on China's restoration of its GATT status and, otherwise, China will not ask for negotiations on its own in the future.

Of course, this result is not what we want to see, and the responsibility cannot but rest with certain member countries which have been impeding China's bid for resumption of its GATT status, the Chinese Vice-Premier said.

#### **More on GATT Status**

*OW1512110994 Beijing XINHUA Domestic Service in Chinese 1125 GMT 14 Dec 94*

[FBIS Translated Text] Beijing, 14 Dec (XINHUA)—While recently meeting separately with a delegation from the Hong Kong Chamber of Commerce and Carla Hills, former U.S. trade representative, State Council Vice Premier Li Lanqing reiterated the principled stand on the issue of the restoration of China's GATT status.

Li Lanqing said: China has made great efforts during its eight-year endeavor for restoring its GATT status, including taking part in all negotiations of the Uruguay Round of talks and signing the final agreements. Therefore, it is logical and natural for the Chinese Government to ask for concluding substantive negotiations on protocol by the end of this year for China to become a signatory party to GATT as well as a founding member of the World Trade Organization [WTO], to be officially established in accordance with the Uruguay agreement.

He pointed out: The resumption of China's GATT status and its status as a founding member of the WTO is not only beneficial to China, but also to all the member countries. This is a mutual need. It is not only unjust to exclude China's participation in the world trading organization, but will also harm the trade body's representation and smooth operations. The abovementioned Chinese Government's principled stand is both serious and constructive. Because of this, we have dispatched



advance delegations to hold bilateral talks with concerned signatory parties. Furthermore, Gu Yongjiang, vice minister of foreign trade and economic cooperation, will lead the Chinese Government delegation to Geneva on 15 December for the 19th meeting of GATT's working party on China, which will discuss China's reentry.

Li Lanqing said: We hope to reach an agreement on substantive talks on the restoration of China's GATT status during this meeting. Otherwise, the Chinese Government will no longer take the initiative to ask for talks in the future. This obviously is not an outcome we want to see, and the responsibility cannot but rest with individual signatory parties who obstruct the process of the talks.

#### RENMIN RIBAO Article on Reentry into GATT

HK1512091194 Beijing RENMIN RIBAO Overseas  
Edition in Chinese 13 Dec 94 p 1

["Year-end" special article by staff reporter Wang Zhiguang (3769 5261 0342): "Reviewing Issue of China's reentry into GATT"]

[FBIS Translated Text] The Chinese delegate has set out a deadline for concluding substantial talks on China's reentry into GATT by end of the year to the GATT director general on 28 November. The delegate indicated that, after the deadline, China would not make any new substantial offers in the talks about market access and the letter of agreement on China's reentry into GATT, nor would it require China to convene a work team meeting. That was a sensible decision on the part of the Chinese Government to push forward the talks on China's reentry into GATT.

GATT is a multilateral international agreement on tariffs and trade issues. With the development and changes in the international economy and trading system, GATT has gradually been transformed from a "club of prosperous nations" to an important site for both developed and developing countries as well as countries of different economic structures to conduct talks on economic and trade ties and to resolve trade disputes; that is why it is habitually called "the Economic United Nations."

China was one of GATT's founding members; for historical reasons, its relationship with GATT was interrupted. In July 1987, China officially submitted the application for restoring its GATT signatory status. In accordance with GATT practice and procedures, China delivered a memorandum to GATT in February 1987. In the following March, the GATT Council of Representatives founded a "work team on China's signatory status." It defined the work team's functions in May, and deliberation and discussion on China's signatory status in GATT began. However, eight years have since elapsed, and the issue of China's reentry into GATT has suffered many setbacks on a path filled with hardships. Where does the crux of the matter lie? Is it because

China has not been working hard enough during the process of securing its reentry into GATT, or have artificial obstructions been laid along the way? Facts have clearly demonstrated that it was the latter.

Since China applied to reenter GATT in 1986, the Chinese Government has conducted a series of important reforms based on international trade standards and the foreign trade structure and linked with China's national conditions, so that China's foreign trade structure could comply with GATT requirements. China is working hard to build a market economic structure, and this is completely in line with GATT's goal of "relying on the market to allocate resources, achieving the full utilization of resources, and promoting economic growth and development." At the 18th session of the GATT China Work Team, the Chinese side made several hundreds of important commitments on its foreign trade regime, foreign exchange structure, price controls, domestic tax collection, tariff and non-tariff barriers, farm produce and non-farm produce goods, the service and trade sectors, and policy transparency and uniformity. The overwhelming majority of these commitments have all been implemented ahead of schedule.

The restoration of China's GATT signatory status is a need of China as well as the world. Reform and opening up have sparked China's rapid economic development, and China has already become a world trade power with bright prospects for development; its trade volume exceeded \$190 billion in 1993, and foreign trade increased by 25.4 percent in the first half of 1994. The trade volume between China and GATT signatories accounted for over 80 percent of China's foreign trade. As a comparatively large developing country, China provides the world with a huge market, which is a great contribution to the global trade structure. The World Bank, the IMF, and GATT under the United Nations are regarded as the three great organizations that support the contemporary international economic order. China is a permanent member of the UN Security Council and participates in the World Bank and the IMF, but China can only participate in GATT talks as an observer (not a signatory), and that cannot be said to be very normal.

China's place and role in international economic development are seen and understood by an increasingly great number of personalities with vision. At GATT China Work Team meetings, many signatories expressed their hope for and support of China's reentry into GATT as soon as possible. A British FINANCIAL TIMES editorial early this year said that promoting China's economic development is in the best interests of the West. The editorial advocated the restoration of China's signatory status in GATT and said that this would enable China to take the most important role in the future international economic system—only then would China's status be commensurate with its current standing and future potential. Singapore's Senior Minister Lee Kuan Yew holds the view that, for the sake of peace and stability, the inclusion of China in an international framework is

not an issue to be ignored but one to be accomplished. China's restoration of its GATT signatory status is beneficial to China as well as other countries. He further indicated that China has already achieved successes in reform, and China's development is irresistible. If the West attempts to put more trade restrictions on China and relies on tricks to check China's development, China's development will be affected, but its industrialization will eventually be completed.

Nevertheless, a certain GATT signatory has turned a blind eye to China's great sincerity, the great price it has paid during the period of talks on its GATT reentry, and its exercise of its commitments, while continuing to set out some excessive and even harsh terms for China's reentry into GATT, the most important of which are: the refusal to recognize China as a developing country; not allowing China to use GATT and WTO clauses on preferential treatment for developing countries; and the stipulation on a relatively long period of transition for the Uruguay Rounds accords on farm produce, technological trade barriers, and customs duties.

In the talks over its reentry into GATT, China has all along persisted in the principle of maintaining a balance between rights and obligations—that China must not be deprived of the rights GATT and the WTO endow their signatories and developing countries, and, at the same time, China's obligations should not exceed those of a developing country. Now that the conditions for China's reentry into GATT are fully mature, it is a matter of course that China should restore its signatory status in GATT and become a WTO founding member. The earliest possible date for China's reentry into GATT is conducive to China's social stability and economic development and corresponds to the basic interests of the signatories. Should a certain signatory continue to insist on irrational and harsh conditions [wu li di ke tiao jian 2477 3810 4104 5381 0466 2742 0115], and shut China outside GATT, WTO's universality and effectiveness will be jeopardized, and the signatory itself will also suffer.

## GATT Reentry Conditions Said Fulfilled

### Part 1

HK1512062894 Beijing JINGJI RIBAO in Chinese 22  
Nov 94 p 4

[By Hua Run (5478 3387): "China Has Basically Fulfilled All Requirements for 'GATT Reentry' and Will Soon Enter a New Stage in the Commodity Trade Boom—Part One of Two"]

[FBIS Translated Text] At the end of 1993, an agreement was reached on the GATT Uruguay Round Talks. As the agreement involved a wide range of things and many countries participated in signing it, when it is put into effect it will naturally push world trade into an entirely new stage. China submitted its application to GATT in 1986 to restore its position as a signatory state. After

more than eight years of effort, China has basically fulfilled the various requirements for "GATT reentry." After reentering GATT, China will be able to fully enjoy the benefits of GATT and will also perform its duties. This will surely produce a far-reaching impact on China's commodity trade and its economic development as a whole.

### I. China's Duties After "Reentering GATT"

China is a developing country. After "reentering GATT," it will enjoy all the benefits of a developing country but, at the same time, it should perform its duties as a developing country. In a positive sense, after "reentering GATT," China will not only be able to enjoy the multilateral most-favored-nation treatment among the various GATT member states but will also have the right to demand that the relevant signatory states reduce tariffs on China's major export goods, which concerns our national interests. At the same time, China can also enjoy preferential treatment due to developing countries in other fields, such as the protection of immature industries, export subsidies, tariff reduction, and maintaining a balance in international revenue and expenditure. However, on the other hand, after "reentering GATT" China must observe the general principles of GATT and the various regulations concerning developing countries.

According to the spirit of GATT and the final document from the Uruguay Round of Talks, the main duties China should perform in commodity trade are as follows:

1. Reduce tariffs. According to the agreement reached in the Uruguay Round of Talks, all signatory states should gradually reduce their tariffs by 33 percent within five years. Thus, the average tariff for the developed countries will be reduced to 3.5 percent and that of the developing countries will be reduced to about 10 percent. At present, China's average tariff is about 19 percent. In other words, after "reentering GATT," China should at least have the current tariff reduced by 33 percent according to the agreement. A recent package plan submitted by our country shows that China is ready to reduce its upper tariff limit to 35 percent and within five years after reentering GATT, it will be reduced to 30 percent. Thus, compared with the 1992 tariff rate, the general level of China's tariff will be reduced by over 50 percent.

2. Reduce nontariff barriers. A basic principle of GATT is to gradually reduce the nontariff barriers in trading businesses. Although in this regard GATT has offered certain relaxed conditions and preferential treatment for developing countries, China still has to make certain improvements. China has promised to reduce the categories of products under the management of nontariff measures from 1,200 in 1992 to 200 within five years and realize free exchange of the renminbi by the year 2000.



3. Protect intellectual property rights (IPR). At the Uruguay Round, the IPR issue was included in the final agreement. For the first time, international protection standards were worked out and a mechanism was set up for settlement of international disputes over IPR. In recent years, although China has done a great deal of work to protect IPR, because it is a new sphere in our country, perfecting measures to protect IPR will still be an arduous task for China after "reentering GATT."

4. Protect the environment. Although GATT members have not yet reached a unanimous agreement on the relationship between environmental protection and trade, judging from the development trend, the environmental protection issue will sooner or later be included in international trade norms. In fact, some countries have already demanded setting necessary requirements on import and export commodities regarding environmental protection. China is a country which lacks natural resources and to expand exports, it has to rely on multiple processing. Therefore, in the course of using natural resources and production, the sense of environmental protection should be strengthened so that our country's products can be recognized by the other countries.

Moreover, after "reentering GATT," China has to speed up the pace of opening its markets to facilitate trading businesses and increase the transparency of its trade policies and relevant trading businesses. This will also make things more difficult for our country to engage in trade competition in the international market.

## II. General Development Trend in Commodity Trade After "GATT Reentry"

As stated above, a fundamental change will take place in China's international trade position which will bring new challenges and also new opportunities. However, fundamentally speaking, it will eventually help promote the development of our commodity trade.

1. It will help to expand the scale of commodity imports and exports rapidly. After "reentering GATT," China will enjoy equal treatment with the other member states in accordance with the GATT regulations. This will help reduce the number of unnecessary trade disputes. Moreover, in accordance with the principles of GATT, various member states should reduce their tariff and non-tariff barriers. Thus, China's foreign trade market will be expanded. Therefore, after "GATT reentry," the scale of China's commodity exports will expand with the expansion of the world trade scale. Recently, the World Bank and the OECD further pointed out that if China "reenters GATT," its exports could increase by 38 percent within 10 years, its GNP will grow by 1.8 to 2.5 percentage points annually and, in the coming seven years, its accumulated import capability will reach \$1,000 billion.

2. It will help China further pluralize its export markets and import sources. After "reentering GATT," China

can develop more direct trade and economic relations with other signatory states and obtain full market information. This will help China further pluralize its export markets and import sources.

3. It will help improve China's import and export commodity structure and increase the quality of its products. "GATT reentry" will push China to converge with the international market in a comprehensive way. Under the conditions that there are no quota restrictions or subsidies on China's export goods, to compete with similar products from other countries, China has to reduce costs and increase the quality of its export products. At the same time, China's manufacturers and foreign trade companies must also know more about the international market situation and the needs of various countries and regions in order to promote sales of their products in the international market. In the field of imports, as China is short of means of production resources, after reducing tariffs and relaxing import management, it will be able to make full use of the cheap natural resources from other countries and regions. Thus, its imports of raw materials for production will greatly increase. On the other hand, as the developed countries will abolish restrictions on their exports to China, China will be able to introduce more foreign funds and advanced technologies and equipment and increase the level of its import commodities. As the demand in the international market has been increasing and China's production has been changing gradually from labor-intensive to capital- and technology-intensive production, the grade and quality of China's export commodities will surely rise to a new level.

4. The impact on the prices of import and export commodities. After "reentering GATT," China will gradually abolish subsidies on export commodities. As a result, because of the law of value, the prices of energy, communications, real estate, and agricultural products, which were originally lower than those in the international market, will rise and the prices of technological products and high-grade consumer goods, which were originally higher than those of the international market, will go down due to the competition in prices among the imported commodities. At the same time, tariff reductions will also help reduce the cost of the products made from imported materials and narrow the gap between the enterprises in different sectors in respect to their production costs. Changes will also take place in the prices of those products affected by IPR protection and the environment.

However, we must also realize that China's exports will not increase by a big margin immediately after "reentering GATT." "GATT reentry" can only provide us with a favorable external environment for increasing exports of our products. It still depends on our own competitiveness and the entry obstacles of the external world to turn this possibility into reality. In short, without the expansion of exports it will be impossible to expand imports.

Therefore, after "reentering GATT," China's commodity trade will continue to develop in a favorable and orderly way.

## Part 2

HK1512063394 Beijing JINGJI RIBAO in Chinese 28  
Nov 94 p 4

[By Hua Run (5478 3387): "China Has Basically Fulfilled All Requirements for 'GATT Reentry' and Will Soon Enter a New Stage in the Commodity Trade Boom—Part Two of Two"]

### [FBIS Translated Text] III. Impact of "GATT Reentry" on China's Major Trading Businesses

#### 1. Agricultural and sideline products.

GATT's Uruguay Round of talks requires that all quantitative restrictions on the trading of agricultural products between the various member states should be replaced by customs duties. The industrialized countries will reduce their tariffs on imports of agricultural products by 37 percent within six years and the developing countries will reduce theirs by 24 percent within 10 years. The industrialized countries will reduce their subsidies to exports of agricultural products by 36 percent within six years and reduce the quantity of the subsidized agricultural products by 21 percent and the developing countries will reduce their subsidies to exports of agricultural products by 24 percent within 10 years and the quantity of the subsidized agricultural products by 14 percent. Moreover, the subsidies to agricultural production by the governments of various signatory countries will be reduced by 20 percent on the basis of the 1986-1988 figures. The signatory countries should provide other countries with the minimum markets for export of agricultural products (the proportion of which in their gross domestic consumption volume should be gradually increased from 3 to 5 percent). After the agreement is put into effect, as the prices of agricultural products will no longer be distorted by subsidies, the prices of major grain, meat, sugar, and oil crops in the world market are estimated to increase by 6 to 10 percent. Adding tax reductions and the role of opened markets, the agricultural products exporting countries will generally be benefited.

Generally speaking, the growing prices of agricultural products in the international market in the future will be favorable to China's export of agricultural products. In the current stage, the main agricultural and sideline products China is exporting to earn foreign exchange are corn, Chinese sorghum, rice, soya beans, and beef. However, the growth in agricultural product prices will also add a burden to China's imports. China's main imported agricultural products in recent years have been wheat, sugar, and cotton. Being affected by tariff reduction and because of the need for China's industrial development, the imports of timber, natural rubber, wool, and other agricultural and forest products will also increase.

Judged from a long-term point of view, since China is a large country with a big population but limited land and natural resources and is often afflicted by natural calamities, we can say that it does not have the superiority in exports of primary agricultural products. The fundamental way to resolve problems in exporting agricultural products is to gradually replace exports of primary products with exports of processed agricultural products. For example, it is necessary to vigorously develop trading of processed foods, health foods, and drinks.

#### 2. Textile products and garment.

Under pressure from the strong demand in the developing countries, the issue of textile trade was discussed at the Uruguay Round Talks. As a result, it was agreed that integration of the textile trade will be realized in three stages within 10 years and through gradually eliminating the current quota system, which is directed against certain countries, on the basis of the Multiple Fiber Agreement. Experts predicted that after the 10 years of the interim stage, textile exports from the developing countries to the developed countries will increase by 82 percent on the current basis and garment exports will increase by 93 percent.

China is a big country in the production and import and export of textiles and garments. In the past, because the developed countries had imposed quota restrictions on our textile and garment exports, the expansion of our exports in this field was affected. When the current quota system is gradually eliminated, there will be increasing opportunities for our country to expand exports of such products to these countries and regions. We should say that this is favorable to China's textile and garment exports. However, we must also give consideration to the following factors: First, under the current quota system, several industrialized countries are providing a higher quota to China than to other developing countries and regions, thus guaranteeing China's superiority in exports. When the quota system, which is directed against certain countries, is abolished, competition among the developing countries will be aggravated and China will have to maintain its superiority through price and quality. Second, according to GATT principles, when exports from one country seriously harm the relevant trades in an importing country, the latter may set indiscriminate quantitative restrictions by increasing its tariffs or invoking an exception to the principle of abolishing quantitative restrictions. Third, with the development of science and technology, the developed countries can still utilize advanced technology to gain export markets. Accordingly, China will continue to face fierce competition in textile and garment trading after "reentering GATT."

At present, in exporting textiles to earn foreign exchange, China mainly relies on the export of cotton yarn textiles. Woolen textiles, and especially manmade fiber textiles, are still weak items in the international market. In garment exports, cotton products are the main items.



Although China is able to produce high-grade clothes, the percentage China's famous brand and high-grade clothes occupies in the international market is still very low. In order to maintain its export superiority after "GATT reentry," China should change this situation.

### 3. Petrochemical products.

"GATT reentry" will have a profound impact on China's petrochemical industry. Over the past two years or so, the volume of China's petrochemical trade has reached \$20 billion. The crude oil and finished oil trade especially has increased by a big margin. Moreover, China has become a net exporting country rather than a net importer. At present, China's crude oil import tariff is 2 percent and that for finished oil is about 8 percent. However, the import tariff for chemical products is about 20 percent. After "reentering GATT," China's overseas petrochemical market can be expanded but when tariffs are lowered, the pressure from imports of oil products and organic chemicals will increase. The main reason is that China is in a period of high-rate economic growth and the level of petrochemical production cannot meet the demands of that economic growth. Regarding prices, the price of petrochemical raw materials has generally been low in China, while the price of finished products has been on the high side. Therefore, after "reentering GATT," China's petrochemical products will face the dual threat of increasing costs and falling prices. Because China's recoverable oil resources are limited, imports of large quantities of crude oil will be unavoidable if China is to satisfy the country's needs and lower the costs of the petrochemical products. At the same time, imports of chemical fertilizer, synthetic materials, and rubber raw materials will also see a marked increase.

### 4. Iron and steel and steel products.

Although the total annual output of China's iron and steel industry exceeds 80 million tons, in terms of quality and technology, China still cannot compete with the developed and industrialized countries. In order to prepare for "GATT reentry," China has abolished import permits and quota controls for steel imports. The tariff for rolled steel is 9 to 18 percent and that for steel products is 20 to 50 percent. "GATT reentry" will bring a big improvement in the export environment for China's steel products. At the same time, China will be able to import cheap iron ore, which can help make up China's insufficiency in this resource and lower the cost of iron and steel production. Influenced by prices and increasing demand after "GATT reentry," imports of steel and steel products will increase. According to a prediction by a relevant department, from 1995 to 2000, there will be a gap between supply and demand of, on average, 12 million tons of steel in China annually. Thus, the impact of "GATT reentry" on China's trade in steel and steel products will be considerably large. Likewise, a similar situation will appear in the trade of other non-ferrous metals and products made from such metals.

### 5. Mechanical and electrical products.

In China, exports of mechanical and electrical products is second only to textiles and garments. From 1985 to 1993, exports increased at the high average annual rate of 38.5 percent. However, as China is a developing country with relatively backward science and technology, its demand for high-tech mechanical and electrical products is very strong. In 1993, China's imports of mechanical and electrical products reached \$49.46 billion, accounting for 47.6 percent of the total import volume. The trade deficit in this sector reached \$26.75 billion. There is basically a trend of an annual increase in China's imports of mechanical and electrical products.

Up to now, the quantity of China's exports of mechanical and electrical products has been very small, taking up only 1 percent of the international market. The ratio between direct exports to the United States and the EC and direct imports especially, is even smaller. Thus, after "reentering GATT," China has good prospects for increasing exports of these products. On the other hand, statistics show that in recent years, because of the increase in imports of mechanical and electrical products, nearly 30 percent of China's domestic market has been occupied by foreign products. In order to ease the impact of imports on domestic industries, China is still implementing an import quota and license system on some 360 mechanical and electrical products. The tariff rate on some products is 100 percent or higher. After "reentering GATT," although China will still be able to protect some products in this sector, the great majority of these products will have to survive through competition, as import protection will be reduced.

It is estimated that after China's "GATT reentry," imports will have the greatest impact on computers, copying machines, digital control equipment, broadcasting and telecommunications equipment, and industrial control instruments. The main areas where China has superiority for exports include bearings, tools, small power generating equipment, ordinary machine tools, automobile parts, televisions, and radio cassette players.

### 6. Automobile imports and exports.

The development of the automobile industry is a sign of a modern country's industrial maturity. However, China's automobile industry began to develop comprehensively only recently. In 1993, China produced 1.28 million motor vehicles (including 230,000 sedans), which was an increase of 121 percent over 1989 when 580,000 motor vehicles were produced. The annual growth rate reached 21.9 percent. In the same period, China's imports of motor vehicles (including chassis) increased from 100,000 to 310,000, at a growth rate of 32.7 percent annually.

As the automobile industry has been designated a pillar industry, China will continue to protect this industry after "GATT reentry." The protective measures will include relatively high tariffs for imports, quotas, and

license management. The period for protection will also be considerably long. According to the newly established industrial policy for the auto sector, China's auto production will be developed mainly in two directions in the next period: One is heavy duty trucks and the other is sedans and light trucks. According to the plan, annual domestic output will reach 3 million by the year 2000, 60 percent of which will be sedans.

With the development of the auto industry, China's opportunities for trade in this sector will also increase. The main reason is that China's domestic market potential is huge and China's domestic production cannot meet the demand in terms of variety and quality. According to the development plan, the domestically produced sedans will supply 90 percent of the market at the beginning of the 21st century and imported sedans will reach 200,000, more than 500 percent over the current imports. If at that time China's auto export capability is strengthened, new breakthroughs are made in the production of parts in terms of quality and variety, and China's repair and service industries are further developed, there will certainly be bright prospects for China's imports and exports of autos and related auto products.

#### Asian Development Bank President Interviewed

OW1512051894 Beijing XINHUA in English 0438  
GMT 15 Dec 94

[Interview by Xiong Changyi: "Asia's Economic Outlook Remains Bullish"]

[FBIS Transcribed Text] Manila, December 15 (XINHUA)—Spurred by the global economic recovery, Asia continues to enjoy dynamic economic growth and its economic outlook remains bullish, according to a top Asian banker.

In an exclusive interview with XINHUA, Asian Development Bank President Mitsuo Sato estimated that the region's average growth rate will exceed 7 percent per annum, 7.8 percent in 1994 and 7.3 percent in 1995.

Asia's good economic performance in 1994, he said, is mostly because of the region's high rate of saving and investment, dynamic and open trade, sound and sensible macro-economic policies.

He cited several factors for Asia's continued rapid economic growth in 1994.

First, flourishing intra-regional trade is fueling the regional economy. Intra-regional trade has grown from 30 percent of the total trade in 1986 to over 40 percent by 1994.

Installation of more productive capacity, much of it with the help of foreign direct investment, has facilitated a wide range of products along with rapid industrial growth, he said.

Second, the economic recovery of the Organization for Economic Cooperation and Development (OECD) nations is having a beneficial impact on the growth prospects of Asian nations.

The OECD countries still account for 48 percent of the export market of Asian developing countries and a revival in demand in the OECD is currently increasing Asia's exports.

Third, net resources flows to the region, particularly to East Asian and Southeast Asia, have climbed up in recent years. Net resources flows into Asia increased from 30 billion US dollars in 1990 to 59 billion US dollars in 1993.

Due to a large inflow of foreign direct investment and portfolio investment and reforms in the capital markets and the financial sector, market capitalization of the stock markets in many Asian countries rose dramatically last year.

This, in turn, has helped to stimulate these countries' economic activities, he added.

Referring to China, Sato said that China's economic performance is "fantastic" and the gross domestic product (GDP) for 1994 is expected to be 11.5 percent, slowing down to 9 percent in 1995.

But inflation remains a major problem, he said. More restrictive monetary and fiscal policies are expected to bring inflation down marginally to 20 percent by the end of 1994.

As for Japan, he said that the performance of the Japanese economy is "not so good" but is recovering gradually, with the GDP growth expected to be just under one percent in 1994.

However, he said that Japan continues to be a large investor in East and Southeast Asia and the appreciation of the yen has prompted Japanese manufacturers to seek foreign locations in Asia for new production, and this has provided a stimulus to many economies in the region.

Despite dynamic economic growth in the region, he said that poverty remains a daunting challenge Asian countries are now facing, for the vast majority of the world's poor still reside in Asia.

Population control, improvement of physical infrastructure and environmental protection as well as the reduction of gender gap in economic development, are also challenges that need to be addressed if the region is to maintain its development momentum, he added.

#### Correction to Li Lanqing Upbeat on Reentry Timetable

HK1412102094

The following correction pertains to an item headlined "Upbeat on Reentry Timetable" published in the 13



December China DAILY REPORT published on page 33. Column two, paragraph one, last sentence make read: ...U.S. negotiators proposed that the issue of China's accession to the WTO be postponed to next July. In other words, if China can reenter GATT, its status as a founding member of the WTO can be retained. China accepts this proposal.

Li Lanqing also... (rewording).

### **Southeast Asia & Pacific**

#### **Construction Minister Hou Jie Arrives in Burma**

*OW1412125294 Beijing XINHUA in English 1231 GMT 14 Dec 94*

[FBIS Transcribed Text] Yangon [Rangoon], December 14 (XINHUA)—Chinese Minister of Construction Hou Jie arrived here this afternoon for a five-day visit to Myanmar [Burma].

The Chinese minister, accompanied by a six-member delegation, is paying the visit at the invitation of Myanmar Minister for Construction U Khin Maung Yin.

During the visit, the Chinese minister will have a round-table discussion with his Myanmar counterpart on the matters related to cooperation in the construction sector, it is learned.

#### **China, SRV Sign Industrial Cooperation Accord**

*OW1412055594 Beijing XINHUA in English 0457 GMT 14 Dec 94*

[FBIS Transcribed Text] Hanoi, December 14 (XINHUA)—China and Vietnam have signed an agreement to increase cooperation between the two countries in the field of machinery.

Visiting Chinese Minister of Machine-Building Industry He Guangyuan and Vietnamese Minister of Heavy Industry Tran Lum yesterday signed the minutes of their talks here, stressing that there exist broad prospects for such cooperation.

Both sides agreed to cooperate in such areas as agricultural machinery, sugar-processing, energy plants, construction materials, and also the manufacture of bicycle, automobile, machine tools, and refrigeration equipment.

They also drew up plans for setting up teams whose task will be to ensure the implementation of the cooperative projects.

The Chinese minister arrived here last Saturday [10 December] at the head of a delegation for a week-long visit to Vietnam.

#### **Sign Machinery Accord**

*OW1412170994 Beijing XINHUA in English 1520 GMT 14 Dec 94*

[FBIS Transcribed Text] Hanoi, December 14 (XINHUA)—China and Vietnam have signed an agreement to increase cooperation between the two countries in the field of machinery.

Visiting Chinese Minister of Machine-Building Industry He Guangyuan and Vietnamese Minister of Heavy Industry Tran Lum yesterday signed the minutes of their talks here, stressing that there exist broad prospects for such cooperation.

Both sides agreed to cooperate in such areas as agricultural machinery, sugar-processing, energy plants, construction materials, and also the manufacture of bicycle, automobile, machine tools, and refrigeration equipment.

They also drew up plans for setting up teams whose task will be to ensure the implementation of the cooperative projects.

The Chinese minister arrived here last Saturday [10 December] at the head of a delegation for a week-long visit to Vietnam.

#### **Six Countries Discuss Tourism on Lancang-Mekong River**

*OW1312160694 Beijing XINHUA in English 1547 GMT 13 Dec 94*

[FBIS Transcribed Text] Kunming, December 13 (XINHUA)—A five-day seminar concerning tourism on the Lancang-Mekong River was inaugurated here today, attended by representatives of China, Myanmar, Laos, Thailand, Cambodia and Vietnam.

The seminar, the first of its kind, is jointly sponsored by the United Nations Economic and Social Commission for Asia and the Pacific and the Asia Development Bank, and will dwell on how to increase exchanges and cooperation to develop tourism on the Lancang-Mekong River.

Five projects will be discussed: marketing tourist projects, training personnel with tourism expertise, setting up a forum on regional tourist industry, managing and protecting tourism resources along the river, and drawing a development strategy on tourism in the area.

Originating in western China's plateau, the 4,880 km-long Lancang River flows through the other five countries, where it is called the Mekong.

The river flows through rich forests, and areas with mineral deposits. The tropical and subtropical environment and the simple life of the people with their long history have proven to be attractive to tourists.

The six countries plan to cooperate in infrastructure projects and tourism facilities, enhancing the tourist industry, and seeking more economic and technical help from other parts of the world.

To date, international tourist routes, from China to Thailand to Singapore to Malaysia, and from Thailand to Laos and Cambodia, are growing dramatically.

**West Europe****French Chief of Staff on Upcoming Visit to China***OW1412170894 Beijing XINHUA in English 1617  
GMT 14 Dec 94*

[FBIS Transcribed Text] Paris, December 14 (XINHUA)—Chief of Staff of the French Armed Forces Jacques Lanxade said here today that during his upcoming visit to China he will discuss with Chinese leaders closer bilateral military cooperation.

In an interview with XINHUA NEWS AGENCY, Lanxade said possible areas of cooperation would include the non-proliferation of nuclear and other weapons of mass destruction and the training of servicemen.

He added that he would also exchange views with Chinese leaders on the current international situation.

France and China, as permanent members of the United Nations Security Council, should bear special responsibility for global peace and security, Lanxade stressed.

He noted that China and France hold similar views on maintaining world peace and the prevention of weapons proliferation.

On the European issues, Lanxade said it is necessary to set up an independent defence system within Europe. Europe should not only have a unified economic policies but also share common foreign and defense policies, he added.

Therefore, the Western European Union (WEU) should be further strengthened as the military arm of the European Union in order to be more effective in protecting Europe, he said.

He noted, however, that the WEU's development would not weaken the influence of the North Atlantic Treaty Organization.

Lanxade also showed great concerns over the conflict in former Yugoslavia, underlining that the Bosnian war could not be ended by military means but through negotiations.

France is strongly opposed to the lifting of the arms embargo against the ex-Yugoslav republic by warning that France will withdraw its peacekeeping troops from Bosnia if the arms embargo was lifted.

The war flames still burning in Bosnia will be extended to the whole Balkan region if the arms embargo is lifted, he added.

**'Franco-China 2000 Association' Established in France***OW1412063294 Beijing XINHUA in English 0510  
GMT 14 Dec 94*

[FBIS Transcribed Text] Paris, December 13 (XINHUA)—The Franco-China 2000 Association, proposed

by French National Assembly member Francois d'Arcourt, was formally set up here today.

The non-governmental association is aimed at helping the French people to know more about China, learn from its experience and promote the friendly ties between the two peoples, said D'Arcourt, chairman of the association.

He said the association will seek, through various forms of exchange, to develop the friendly ties and cooperation between the two countries on the basis of mutual respect.

On the bilateral economic and trade ties, D'Arcourt highlighted the cooperation between smaller and local enterprises in the two countries, describing the area as having the biggest potential in the relationship.

French Senator Andre Bettencourt in his speech praised China's reform and opening policies, which have given the country political stability and rapid economic growth and made it a positive element in the world's peace and development.

He urged France, especially its economic circles, to strengthen cooperation with China in every field.

Chinese ambassador to France Cai Fangbai attended the association's inauguration and hoped France would look at China "in a new strategic and long-term point of view" and develop sustained and mutually beneficial cooperation with China.

More than 300 people took part in the inauguration.

**German Firm Helps To Build Shanghai Electronics Laboratory***OW1512095894 Beijing XINHUA in English 0728  
GMT 15 Dec 94*

[FBIS Transcribed Text] Shanghai, December 15 (XINHUA)—The Shanghai Electronic Components Laboratory opened here yesterday at the Shanghai Institute of Metallurgy, as a joint project of the Chinese Academy of Sciences and the Daimler-Benz Group of Germany.

This is the first time that the Daimler-Benz Group has engaged in cooperation with China in the field of scientific research.

The Daimler-Benz Group provided 1.3 million deutsche marks and advanced equipment for the lab, which covers 400 sq m. The Chinese side selected most of the lab's researchers from the institute and also provided some of the conventional equipment.

The lab will be used to conduct research into the processing of large electronic circuits and components.

**Spanish Loan Funds Henan Power Plant***OW1512095994 Beijing XINHUA in English 0944  
GMT 15 Dec 94*

[FBIS Transcribed Text] Zhengzhou, December 15 (XINHUA)—The construction of a large thermal power

plant, financed by Spanish government loans, started today in Central China's Henan Province.

The Yahekou plant, located in Nanyang City, will introduce two power-generating units from Spain, each with a designed installed capacity of 350,000 kw.

The Spanish Government has provided more than 370 million U.S. dollars in loans for the project, which is the most costly deal between the two countries in recent years.

The project, to be completed in 1997, will ease the energy strain in the central part of the country.

Henan is the second-largest coal producer in China. Abundant coal and water resources provide a good foundation for thermal power plants.

#### **Court Orders Winding Up of Firm To Settle Damages Claim**

*HK1512062494 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 15 Dec 94 p 1*

[From Sheel Kohli in London]

[FBIS Transcribed Text] A small British company has obtained a winding up order against one of China's largest trading enterprises following a court battle to recover money lost in a collapsed joint venture.

The Hong Kong Supreme Court has awarded the ground-breaking winding up order against China Tianjin International Economic and Technical Co-operative Corp, the commercial arm of the Tianjin municipal government, for failing to honour an order to pay damages of more than 3 million [pounds sterling] (about HK\$36.27 million) awarded against it by the British High Court. Described as the first successful action of its kind against a state-owned enterprise, the mainland firm is legally bound to allow investigation of all its assets worldwide.

The action was brought by Zoneheath, a British trading company, and comes at a time when there is growing nervousness in the international investment community

over the ability, and willingness, of cash-strapped Chinese state-owned enterprises to pay their debts. United States investment giant Lehman Brothers is pursuing legal action against a number of state-owned enterprises to recover almost US\$100 million in foreign exchange deals that went sour, as revealed by the SOUTH CHINA MORNING POST last month.

Earlier this year, Richard Gosling, chairman of Zoneheath, offered a \$500,000 reward for information about the international assets of his former partner. Ashley Burns of Wilde Sapte, the solicitors acting on behalf of Zoneheath, said the Supreme Court ruling meant that the Hong Kong Government's official receiver had been provisionally appointed to scrutinise the accounts of the mainland firm, which is officially the 14th-largest state-owned company in China.

"The winding up order has been made in relation to what is a foreign company and on the basis that the company has assets in Hong Kong...assets that are to be recovered for the benefit of creditors," Mr Burns said.

Mr Gosling said that the action was brought to the High Court after it became clear that the Chinese firm was not willing to recognise the court judgment against it. At that stage, Zoneheath had been awarded 1.8 million [pounds sterling] plus costs and interest. Mr Gosling said that the total figure, which would exclude the now additional winding up costs, was in the order of 3 million [pounds].

Mr Burns said that the winding up order made in Hong Kong meant that the company would have to reveal to liquidators the value of all its assets anywhere and that the Hong Kong judgment should be recognised wherever the company was found to have recoverable assets.

"The liquidators have powers of investigation, and the order is not limited to Hong Kong...the order is for the winding up of the company, albeit that the company is not a Hong Kong company," he said.

In 1992, Zoneheath took the company to court after it was dissatisfied with an investment that it had made and several shipments of Chinese goods that Zoneheath had lined up for European customers.



**Political & Social****Hou Zongbin Addresses Seminar on Deng's Theory***SK1512040694 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 14 Dec 94*

[FBIS Translated Text] From 12 to 14 December, the Central Discipline Inspection Commission and the Ministry of Supervision held a seminar in Weihai city, Shandong Province, on Deng Xiaoping's ideology on building party style and administrative honesty under the new period.

Wang Guang, member of the standing committee and secretary general of the Central Discipline Inspection Commission, presided over the seminar. Hou Zongbin, deputy secretary of the Central Discipline Inspection Commission, attended the seminar and gave an important speech. He pointed out: Deng Xiaoping's ideology on building party style and administrative honesty during the new period is an important component of the theory on building socialism with Chinese characteristics, a powerful ideological weapon for guiding us to build party style and administrative honesty and to conduct the anticorruption struggle, and an important ideological guarantee for carrying out reform, opening up, and economic construction.

Hou Zongbin stressed: We should take Deng Xiaoping's ideology on building party style and administrative honesty under the new period as guidance; deeply, lastingly, and more effectively build party style and administrative honesty and conduct the anticorruption struggle; uphold the strategic principle of taking a two-handed approach in work and be tough with both; carry out the work of fighting corruption and promoting honesty in close connection with the central task of economic construction; and serve the general tasks of the whole party. We should uphold the principle of running the party and carrying out government work honestly; conducting strict supervision and management; strictly enforce discipline; persist in regarding leading organs and leading cadres as priorities, particularly leading cadres at and above the county section level; combining the efforts of the masses with the functions of special organs; and giving further play to the role of these two aspects in building party style and administrative honesty and conducting the anticorruption struggle.

Tan Fude, member of the standing committee of the provincial party committee and secretary of the provincial discipline inspection commission, attended and addressed the seminar.

**Deputy Procurator General on Party Corruption***HK1512103394 Beijing LIAOWANG No 47 in Chinese 21 Nov 94 pp 8-9*

[Report of interview with Deputy Procurator General Liang Guoqing by staff reporters Li Dahong (2621 1129

1347) and Ye Wenbin (0673 2429 0393): "New Characteristics of Corruption and Bribery Crimes and Countermeasures Against Them"—date, place not given]

[FBIS Translated Text] The Fourth Plenary Session of the 14th CPC Central Committee adopted a decision on strengthening party building. One very important aspect of it was to strictly manage the party and punish corruption. This makes the investigation and processing of big and serious crimes, including corruption and bribery, increasingly a concern for all sectors of society. How has the work been progressing since the beginning of the year? What achievements have been scored? What new plans are there for the future? For the answers to all these questions, LIAOWANG staff reporters interviewed Liang Guoqing, deputy procurator general of the Supreme People's Procuratorate.

**Obvious Progress Has Been Made in the Investigation and Processing of Large and Serious Cases Since the Beginning of the Year**

Liang Guoqing said: Punishing economic crimes, including corruption and bribery, is an important component of the entire party's anticorruption drive. Since the Second Session of the Central Discipline Inspection Commission in August last year, procuratorial organs have conscientiously implemented the spirit of the central instructions regarding deepening the anticorruption drive, upheld the principle of "strictly enforcing the law and paying great attention to the cases" for procuratorial work, and scored obvious results in investigating and processing big and serious crimes including corruption and bribery. On this basis, the Supreme People's Procuratorate demanded late last year that, in the work of fighting corruption and in investigating and processing big and serious cases in 1994, procuratorial organs must make new breakthroughs in investigating and processing big and serious crimes committed by leading cadres at and above the county or departmental level, crimes committed by law-enforcement judicial personnel who have bent the law for their own interests, and of the crimes committed by legal persons. Moreover, it is necessary to pay attention to investigating and processing new crimes which have surfaced in the course of implementing the new reform measures.

The situation between January and September this year shows that the progress made in investigating and processing big and serious cases has been comparatively obvious and the main hallmarks have been as follows: First, procuratorial organs across the country filed 30,649 corruption and bribery cases for investigation, 45.8 percent up on last year. Second, they investigated and processed 4,929 cases involving personnel working for party and government organs, judicial organs, administrative and law-enforcement organs, and economic management organs; this figure accounted for 16.1 percent of the total number of corruption and bribery cases filed. Third, they investigated 1,456 cadres at and above the county or departmental level involved



in corruption and bribery cases, a 2.9-fold increase over last year, of whom 67 were at the departmental or bureau level. A considerable number of these cadres were leading cadres in party and government organs who had real power and had assumed important posts. Fourth, they investigated and processed 15,887 big corruption and bribery cases involving 10,000 yuan or more, accounting for 51.8 percent of the total number of corruption and bribery cases filed. This has never happened before. Fifth, they investigated and processed 380 cases of crimes committed by legal persons in which organs, organizations, or institutions engaged in smuggling goods, evading taxation, and forging trademarks.

Liang Guoqing said: The achievements we have scored are the result of our resolutely implementing the spirit of the central authorities and also the result of the hard work by vast numbers of procuratorial police officers. Judging from the uncovered problems, corrupt phenomena are still rather salient, seriously endangering reform, development, and stability and hampering the establishment and development of a socialist market economy. The idea that corruption is a lubricant of the market economy and is a necessary product in the market economy is extremely harmful.

#### **New Characteristics of Economic Crimes, Including Corruption and Bribery**

Liang Guoqing said: Judging from the cases investigated and processed by procuratorial organs, and because reform is deepening and the anti-corruption drive are deepening, the following new characteristics have appeared in economic crimes: First, following the successive introduction of new reform measures, some new criminal patterns and means have emerged. Given the recent establishment of the securities, real estate, and futures exchange markets, economic crimes are conspicuous such as taking and giving bribes in the form of securities, embezzling public funds for speculation in stocks, rigging the markets, and making behind-the-scenes deals. The number of cases have increased considerably in which people seize the opportunity of approving property and land projects to ask for and accept bribes.

A large number of fraudulent practices have occurred in the course of reforming the financial system. In the transformation of state-owned enterprises to joint-stock enterprises, some have illegally embezzled state assets using every possible means and causing great losses to state-owned assets. Since the new taxation system was put into effect there has been a drastic increase in crimes committed using special value-added tax receipts. Second, major economic departments, departments exercising macroeconomic control over the economy, and judicial, administrative, and law-enforcement departments are the main areas in society being corroded by law breakers. Third, ways of committing crimes have become increasingly technical and specialized. The number of crimes committed with the use of computers

and in an organized way has increased. Fourth, bribery has developed from making immediate gain to "sentimental investment [gan qing tou zi 1949 1906 2121 6327]." Lawbreakers bribe some weak-willed state workers and spin a web of connections or seek their agents among state organs to reap an illegal profit or set up a protective umbrella for their own criminal activities. Fifth, illegally obtained money and goods have become diversified. Some increasingly shift their illegally obtained money and goods abroad or use them to do business and speculate on stocks, land, or property. "Money laundering" is beginning to become an important cover-up for illegally obtained money.

#### **It Is Necessary To Deal Blows Against Both "Tigers" and "Flies" and To Wage a Protracted War and a Phased War**

In view of the popular idea in society that the anticorruption drive is "only directed at flies, not tigers" and the circumstances in which some lack confidence in the party with regard to maintaining an honest administration and restoring the party's fine traditions, Liang Guoqing said: Our party has always been resolutely against corruption and has always demanded the strict punishment of high-ranking party and state cadres for their crimes. In the investigation and processing of cases, judicial organs base themselves on facts and take the law as the criteria. They do not wrong innocent persons nor let any criminals remain at large. They are all equal before the law. If what someone has done constitutes a crime, we will resolutely and thoroughly investigate his case no matter who he is and what rank he holds. But we cannot deny that sometimes, some localities fear or avoid dealing with criminal cases involving leading cadres, especially major leading cadres. They dare not process the cases or have various problems such as the ineffective blows dealt to these cadres and the light treatment of them. But this does not involve a large number. In fact, since last year, we have dealt blows at a large number of "tigers" such as Li Xiaoshi former State Science and Technology Commission vice minister; Guo Zhengmin, Guangzhou Provincial Public Security Department head; Li Shanyou, Hainan Provincial Government deputy secretary general; Wang Zhengguang, Yunnan's Wenshan Prefectural head; and Wu Kunlong, head of the Agricultural Finance Department of the Ministry of Finance. These are vivid and distinct examples.

In recent years, procuratorial organs have always attached great importance to investigating and processing big and serious cases as the central link in anticorruption work. This year, the Supreme People's Procuratorate has proposed that new breakthroughs be made in investigating and processing serious crimes committed by leading cadres. Moreover, it has adopted a series of measures to strengthen the leadership of procuratorates at higher levels over procuratorates at lower levels in investigating and processing of serious cases. The Supreme People's Procuratorate itself has commanded and participated in investigating and processing

a number of serious cases. The number of serious cases investigated and processed since the beginning of the year in which cadres at and above the county or departmental level were involved has doubled. A number of "tigers" which have swallowed up the achievements of reform and opening up have been discovered and punished. This is the result of the work and is a fact for all to see. In short, we must deal blows against both "tigers" and "flies" with the focus on blows against "tigers."

He said: The masses' hatred for negative and corrupt phenomena and their desire to wipe them out are the solid foundation in our anticorruption drive. In the anticorruption drive, the masses should not merely see what we put down in documents, what we publish in newspapers, and what we talk about verbally. More important, they should see our practical actions and see whether we really take action. Only when we adopt effective measures, conscientiously make breakthroughs in investigating and processing cases, discover those who unlawfully give and take bribes and, in particular, send those corrupt leading cadres to court and to prison can we live up to the expectations of the masses and can we protect the initiative of the masses in the anticorruption drive.

The veteran procurator stressed that the anticorruption drive is a long-term task. In the entire course of reform and opening up, we must oppose corruption. We must foster the idea of both waging a protracted war and fighting a good, phased war. We must seize the major contradictions and the existing salient problems and resolve them one by one, investigate cases one by one, deepen the anticorruption drive step by step, and push forward the anticorruption drive phase by phase.

#### **The Focus and Measures of Current Anticorruption Work**

Liang Guoqing said: In view of the rather serious corrupt phenomena existing at the present time, and the many noteworthy new trends which have surfaced, we must seize the focus in the anticorruption drive and the focus is on the illegal criminal activities among party and government organs, judicial organs, administrative and law-enforcement organs, and economic management organs. The working personnel in party and government organs, and judicial organs in particular, have administrative and judicial powers in their hands. It would be most dangerous and most noteworthy if they use their power in exchange for money.

He further said: The investigating and processing of big and serious cases, including corruption and bribery cases, have already entered a new phase. A number of high-ranking lawbreakers who had deeply hid themselves have gradually been discovered.

The difficulty in processing cases has increased and the anticorruption drive has become more complicated. We must pay good attention to the following areas in the next step of our work:

First, we must trust and rely on the masses and combine crime reporting by the masses with the investigating and processing of cases by special organs. Judging from the cases investigated and processed by procuratorial organs, 70 to 80 percent of the cases filed were reported by the masses while some were discovered after great efforts by procuratorial organs in the process of investigating and processing. Our next step is that we must further strengthen crime reporting and seriously investigate and process cases with the clues supplied by the masses so that we can find out the truth about them. Moreover, we must also pay attention to feedback at the right time and win the people's confidence.

Second, we are strengthening special work. Procuratorial organs are the special organs for punishing economic crimes, including corruption and bribery. They assume important responsibility in the anticorruption drive. Practice over the past five years proves that anticorruption bureaus have played an important role in the anticorruption drive. The establishment of anticorruption bureaus is a success. The Supreme People's Court has decided to build, within five years from now, people's procuratorates at all levels into investigative organs that are quick in response, complete in their means of investigation, well equipped, highly efficient, and full of combat effectiveness so that they can meet the needs of the anticorruption drive under the new situation.

Third, we are perfecting relevant anticorruption laws and regulations. Anticorruption legislation is an important safeguard for establishing Chinese-style investigative work against corruption and bribery and is an important component of the laws for the market economy. We must consolidate the practical fruits of our work against corruption and bribery in recent years and systematize the anticorruption drive and formulate laws for it. We must also proceed from reality and boldly use all good experience from abroad. Presently, the Supreme People's Court is stepping up the drafting of two bills, namely the "PRC Law on the Punishment of Corruption and Bribery" and the "PRC Law on Prosecutors." The formulation and implementation of the two bills will offer a powerful and effective legal weapon for procuratorial organs to better proceed with the work against corruption and bribery.

Lastly, Liang Guoqing said: Fostering honesty and opposing corruption are the necessary conditions and an important guarantee for establishing a socialist market economic system and are important and have a bearing on the success and failure of reform and on the destiny of the party and the state. Procuratorial organs will surely continue with and deepen this task.

#### **Commentator Urges Cadres To Study Law**

*HK1512022494 Beijing RENMIN RIBAO in Chinese  
10 Dec 94 p 1*

[Commentator's article: "Study, Study, and Study Again"]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.



[FBIS Translated Text] Central leading comrades attended a seminar on law yesterday at Huarentang, Zhongnanhai. The attendance of central leading comrades at the seminar provided leading cadres of all ranks with good examples, communicated their concern for strengthening legal building, will help popularize education in the knowledge of law, and promote the whole party to study and observe the law and do things according to law.

The Fourth Plenary Session of the 14th CPC Central Committee has given the whole party the task of studying; it demanded that party and government cadres at and above the county level, while actively striving to grasp Comrade Deng Xiaoping's theory of socialism with Chinese characteristics, should also study hard to acquire a knowledge of law and other kinds of knowledge. They should understand that studying to acquire an essential knowledge of law and the skills to manage the economy and society through legal means are important demands made by the party on leading cadres of all levels in the new era to ensure that they uphold the party's basic line, guarantee reform and opening up, and safeguard social stability. The rule of law and building China into a country run on a socialist legal system are both part of the effort to achieve the goal of making China a prosperous, strong, democratic, civilized, and modern socialist country.

We are like primary school students in a university when it comes to our knowledge about the socialist market economy. The market economic system we are building on the foundation of the socialist system is innovative with its own unique characteristics. In the process of building and developing a socialist market economic system, there is much knowledge for us to acquire and many areas in which we are inexperienced. We will suffer losses if we do not have knowledge and do not know the law. The task of studying is laid before the whole party. Being good at studying is one of the CPC's strong points. In the past, we learnt about warfare in battles and we won the Revolutionary War. Today, we are learning about reforms and the socialist market economy and its law while actually pursuing these goals and we will win a great victory in reform and in building and developing a socialist market economic system and a socialist legal system.

Comrade Jiang Zemin wants us to study, study, and study again. Comrades of the whole party, especially leading cadres at various levels, must fully understand the importance and urgency of studying and must be determined to work hard to acquire the skills needed to build socialism with Chinese characteristics, promote the establishment of the socialist market economic system and building the national legal system to ensure the reform, opening up, and smooth progress in modernization.

#### 17 Die in Qiqihar Discotheque Blaze

HK1512034094 Hong Kong AFP in English 0318 GMT  
15 Dec 94

[FBIS Transcribed Text] Beijing, Dec 15 (AFP)—Seventeen people died in a discotheque fire Saturday in Qiqihar, Heilongjiang province, northeast China, local officials said Thursday.

The cause of the blaze at the Princess disco had not been established, said a municipal spokesman contacted by telephone.

The blaze occurred only two days after the Friendship Hall cinema blaze in Karamay, northwest China, in which 325 people, mostly children, perished and only two weeks after a discotheque blaze in Fuxin, northeast China, which claimed 233 lives.

A fire in a hotel in Binzhou, Shandong province, east China, on November 30 killed 12 people.

#### Further on Qiqihar Blaze

HK1512074594 Hong Kong AFP in English 0728 GMT  
15 Dec 94

[by Tiffany Bown and Philippe Massonnet]

[FBIS Transcribed Text] Beijing, Dec 15 (AFP)—The Chinese authorities unveiled a nationwide campaign on Thursday to beef up fire safety, amid disclosures of a new tragedy that brought a six-week death toll from fires to more than 900.

In the latest accident, a blaze Saturday at a private dance hall in Qiqihar in northeastern Heilongjiang province killed 17, the public security ministry (PSM) said.

The fire began in the kitchens of the "Princess" dance hall and quickly spread to the dance area, according to a local journalist on the Qiqihar Evening News, reached by telephone from Beijing. At least seven people were hospitalised, he said.

Town officials have ordered a safety check on all public buildings, the municipal spokesman said.

In parallel, the ministry announced it was drafting regulations on new fire standards which include the use of fire-proof decorations and the construction of adequate emergency exits, the CHINA DAILY quoted ministry official Lu Lihua as saying.

The move follows the deaths last week of 325 people, mostly children, in a cinema fire in Karamay in northwestern Xinjiang province, just 10 days after a blaze in a nightclub in Liaoning province's Fuxin city killed 234 people.

The discotheque fire on Saturday came just two days after the Karamay disaster.

The YOUTH DAILY reported Thursday, quoting the latest PSM figures, that more than 30 "infernos" in

China had broken out since the start of November. The ministry said Thursday the toll now stood at 907 lives.

Lu, from the ministry's Fire Protection Bureau, blamed the recent spate of blazes on "the sloppy safety measures by room owners and the victims' ignorance in evacuation techniques," the CHINA DAILY report said.

"In the Fuxin blaze, the decoration materials of polypropylene and polyester fibres quickly caught fire and sent out toxic fumes, which suffocated many victims to death in less than three minutes," he said, while noting that seven of the Karamay cinema's eight emergency exits had been locked.

Deteriorating wiring and electrical systems in aging buildings also contributed to the danger, he said. The deadly fire in Karamay is believed to have been caused by an electrical short circuit.

In addition to the introduction of new decoration regulations, Lu said his bureau would also next year launch a nationwide publicity campaign in schools and families to raise awareness on fire prevention.

The report said a nationwide inspection of all entertainment centres and hazardous-material storage warehouses had already begun in Beijing, Shanghai, Liaoning and Hebei, with some 132 recreational sites being closed down in the Liaoning city of Dalian alone.

The inspection was ordered by the Public Security Ministry after the State Council issued an emergency call for stricter supervision in the wake of the Karamay fire.

Chen Wengui, acting president of the China Fire Protection Association, warned that many of the country's mushrooming entertainment venues were death traps.

"While people are enjoying themselves at clubs, they face the perils caused by money hungry owners," Chen was quoted as saying.

Some 30,000 fires since January have claimed more than 2,200 lives and left 2,700 injured. The number of blazes in hotels, restaurants and leisure centres has increased dramatically this year.

#### **Chengdu Hand Grenade Kills, Injures 15**

HK1512033194 Hong Kong WEN WEI PO in Chinese  
14 Dec 94 p A6

[Report: "Ruffian Throws a Hand Grenade in Chengdu, Killing and Injuring 15 People"]

[FBIS Translated Text] Chengdu, 13 Dec (WEN WEI PO)- An incident occurred at Chengdu Railway Station, wherein a ruffian threw a hand grenade into a crowd of people, killing and injuring 15. Among the dead was a member of the Joint Security Maintenance Team and among the injured was a Taiwanese compatriot who had come back to visit relatives.

Police have verified, through on-the-spot investigation, that the hand grenade thrown by the ruffian was of military origin. However, it has yet to be discovered how the ruffian acquired the grenade. Police said the ruffian, whose name was Zhou Gang, lived in Chengdu. He was sentenced to 14 years imprisonment in 1982 for robbery and was released after serving his sentence in July last year. After the explosion, the Chengdu police issued a wanted circular, ordering the arrest of the criminal at large.

#### **Crime and Punishment in the PRC for 1-14 Dec**

HK1512112394

[FBIS Editorial Report] The following is a compilation of reports on crime, investigations, trials, sentencings, and other judicial-related activities in the PRC during the period 1-14 December 1994. The source and mode of processing are given in parentheses at the end of each entry. Certain reports deemed more significant may have been filed separately, in which case the summary will include the serial number of the separately filed item.

As evidenced by the stories listed below, during the month PRC crime reportage focused on no particular topic.

#### **National**

##### **Coastal Provinces Take Strong Measures To Smash Illegal Immigration**

Public security departments in China's coastal provinces plan to take strong measures and closely coordinate to firmly smash illegal immigration. The meeting was attended by officials from public security organizations and frontier defence departments of Fujian, Guangdong, Zhejiang, Shandong and Liaoning Provinces. A coordinating scheme for jointly cracking down on illegal immigration straddling provinces was drawn up at the meeting. These departments will keep one another well informed about homes and names of ships involved in illegal immigration, examination and detention. Fled "snakeheads" will be wanted in public and no stone will be left unturned to avoid future trouble.

In recent years illegal mass immigration in China's coastal regions has been serious. Though public security and frontier defence departments of various provinces took measures to intensify the crackdown on these illegal activities, organizers for such activities developed other ways and means of smuggling people, leading to a more serious situation. The meeting called for a special campaign against illegal immigration, cutting down underground channels for transporting illegal immigrants, and capturing "snakeheads". These departments should also intensify control over public order, banning ships without registration numbers, home port and name. [Summary] (Beijing ZHONGGUO XINWEN SHE in English 1142 GMT 8 Dec 94)



**Anhui**

**Anhui Arrests Medicine Officer for Bribery**

Pan Youshun, head of Anhui Tongling Medicine Management Bureau, asked for a bribe of 50,000 yuan and a color television set while building a private residential house. He also practiced fraud, making arrangements for his relatives to transfer from rural to urban areas. He was expelled from the party and arrested by the judicial organs. [Summary] (Beijing ZHONGGUO JIJIAN JIANCHA BAO in Chinese 3 Dec 94 p 3)

**Beijing**

**Beijing Severely Punishes 15 Criminals**

Beijing sternly punished 15 criminals on 1 December, of which 6 were executed and 9 were sentenced to death at the first trial. The 6 executed criminals included Ma Hongyan, who raped more than 50 girls aged from 7 to 12 from May 1992 to October this year. The other 5 criminals were involved in armed looting, murder, rape, and robbery. The Beijing Intermediate People's Court also sentenced 9 other criminals to death at the first trial. They were involved in deliberately injuring others with arms, murder, and robbery. Of the 15 criminals, the case of 3 was very serious. Ji Bijin killed a person when he failed to borrow money from him. Then he robbed other people and raped women. Another one called Zhang Yi was involved in 127 criminal cases in three years. The value of goods he robbed totaled 240,000 yuan. [Summary] (Beijing ZHONGGUO XINWEN SHE in Chinese 1120 GMT 1 Dec 94)

**Woman "Million Renminbi Burglar" Captured in Beijing**

A woman burglar who committed thefts only in great hotels and high-class apartment buildings has been captured by the police in Beijing. Her booty worth more than RMB [Renminbi] one million. The woman named Dong Genyan, had stolen continuously at a number of hotels and apartment buildings located in the northern section of Beijing since 1992. She mainly targeted foreigners, Chinese with foreign nationalities and people from Hong Kong. Her loot included renminbi, foreign currency, transfer and cash cheques, jewelry and top-notch watches.

Beijing's police set up a special task force to track down the thief in May and it took them six months to finally seize the criminal. To their surprise, the burglar Dong Genyan was only 26 years old and looked like an elegant lady. She dressed neatly and did not seem coquettish at all. By means of prying open doors and creeping through windows, Dong had entered and left a number of hotels and apartment buildings without any problems. Her case even shocked the Ministry of Public Security. A native of Leshan in Sichuan Province, Dong only had schooling up to junior middle school. When her dream of success in Beijing failed to materialize, she turned to burglary. On the night of March 15 this year, she even committed

two counts of theft and got away with US\$ 50,000. [Summary] (Beijing ZHONGGUO XINWEN SHE in English 1141 GMT 1 Dec 94)

**Beijing Police Cracks Down on Three Cases of Forged Banknotes**

Three big cases concerning forged banknotes have been cracked by the police of Beijing's Zhaoyang District. Forged banknotes worth 60,000 yuan have been seized, and three Chinese and one East European have been arrested. According to today's Zhaoyang District police news briefing, an inspection on foreigners was launched last week and a large sum of Renminbi with irregular design were discovered at the home of two Henan farmers who claimed to be brother and sister. After an investigation the two farmers were found to have jointly purchased 100 notes of 100 yuan forged banknotes on November 22, later they came to Beijing to sell their forged banknotes.

Zhaoyang police had arrested two Renminbi dealers for forgery on two other occasions, one of the dealers being an East European. Counterfeit Renminbi which amounted to a total of 50,000 yuan was confiscated. These 600 RMB notes [Renminbi] 100 banknotes, which were seized by Zhaoyang police on the three occasions noted above, were checked by the People's Bank of China and found to be forged currency. Sources at the Zhaoyang police also disclosed that a man, who was suspicious of his wife having an affair with a colleague, hired two hatchet men at RMB 2,500 to fracture the man's skull. [Summary] (Beijing ZHONGGUO XINWEN SHE in English 1138 GMT 2 Dec 94)

**Fujian**

**Xiamen Customs Stops "Pornography" at Check Points**

Xiamen Customs adopted a series of measures to keep pornographic publication and video products out of the country. From January to October this year, Customs confiscated 287 erotic books and more than 100 pornographic video tapes. The Xiamen Customs post office also intercepted more than 40 parcels which contained erotic printed materials and video products. In light of relevant stipulations, the Xiamen Customs will confiscate all erotic printed materials and video products, and impose a fine in light of the seriousness of the case. [Summary] (Beijing ZHONGGUO XINWEN SHE in Chinese 1101 GMT 3 Dec 94)

**Guangdong**

**Guangdong Factory Explosions Kill 14, Injure 22**

Three explosions, which took place within 47 days on 30 September, 11 December, and 17 December 1993 in factories involved in illegal production of inflammable and explosive goods in Guangdong's Heping county caused casualties of 22, of which 14 died and 9 were children. The explosions also destroyed 34 houses and damaged 30. Heyuan county leaders immediately called

for a reorganization of all the factories involved in production of explosives and firecrackers and banning of illegal production of explosives. A system of cadres taking responsibility for management over a district was established. [Summary] (Guangzhou YANGCHENG WANBAO in Chinese 24 Nov 94 p 2)

#### **Guangdong To Reorganize Public Security Organs**

The Guangdong Public Security Department plans to conduct a program of education and reorganization among public security organs and armed police. Despite the achievements scored over the past year, the negative and corrupt practices within the ranks of public security organs must not be ignored. A handful of police have violated the laws and accumulated wealth by unfair means. Some are involved in the operation of amusement centers and "pornography, gambling, and drug" activities, which have seriously affected police-people ties and damaged the image of the public security organs. At a recent meeting of heads of Guangdong public security organs, Governor Zhu Senlin called for reorganization of the public security organs and building of a contingent of police who can strictly enforce discipline and laws, and maintain social stability. [Summary] (Hong Kong TA KUNG PAO in Chinese 30 Nov 94 p 4)

#### **Manager in Guangdong Sentenced to 8 Years Imprisonment for Bribery**

During his term of office, Ren Songwen, manager of Guangdong Nandian Comprehensive Development Industrial Company, took advantage of his office to accept a bribe of 30,000 yuan while purchasing 3 residential units from a Hong Kong businessman in October 1992. In another transaction, Ren transferred 300,000 to a designated account and received a commission of \$1,400 (9,600 yuan). On 14 December 1993, the Guangzhou Dongshan district people's court sentenced Ren Songwen to 8 years imprisonment for bribery. [Summary] (Beijing ZHONGGUO JIJIAN JIANCHA BAO in Chinese 3 Dec 94 p 3)

#### **New Developments in Taiwan Businessman Mugging Case**

Song Jianglin, the principal culprit involved in the robbing of Taiwan businessman in Guangdong's Zhangmutou on 3 November, has recently been arrested in Shenzhen. The stolen Rolex watch and gold and silver ornaments worth 100,000 yuan were also recovered.

Song, alias Liu Jianglin, male, 24, a native of Hubei's Xianning, was a criminal at large in Hubei before robbing the Anguan Chemical Products Limited Company, an enterprise run by a Taiwanese businessman in Zhangmutou. After the robbing of the enterprise on 3 December, the town party committee and public security subbureau immediately formed a special leading group to investigate the case. To date, 14 suspects have been arrested. Besides Duan Jianhua and Yi Weicai, who came from Hunan and Jiangxi, the other 12 are from

Hubei. They often committed crimes in Baoan and Huiyang. Investigation of the case is still in progress. [Summary] (Beijing ZHONGGUO XINWEN SHE in Chinese 3 Dec 94)

#### **Triad Member Hired to Kidnap Hong Kong Businessman in Shenzhen**

Hired by Hong Kong businessman Shum, Hong Kong triad member Chow Chun entered Shenzhen to kidnap a Hong Kong businessman Chu and blackmail him for HK\$150,000 [Hong Kong dollars]. Informed of the news, the Shenzhen public security personnel, through 5 hours of efforts, arrested Chow Chun and saved the hostage. Chow Chun admitted that he was hired by Shum, a businessman in Hong Kong, to kidnap Chu and extort money from him. Investigation shows that Chu and Shum jointly ran an automobile firm. Because of economic disputes, Shum attempted to blackmail Chu on several occasions. [Summary] (Hong Kong WEN WEI PO in Chinese 5 Dec 94 p A10)

#### **Guangzhou Public Security Bureau Cracks Big Car-Stealing Gang**

The criminal investigation department of the Guangzhou City Public Security Bureau recently cracked down on an extraordinarily big car-stealing gang, and more than 50 cases of car robberies worth some 15 million yuan were solved in one stroke, which was the largest case of car robbery ever cracked by the Guangzhou public security organs in nearly 40 years. According to the confession of the four arrested criminals, they started stealing cars in 1989 in Guangzhou, Zhongshan, Foshan, Dongguan, and Nanhai. After they stole sedans including Mercedes Benz, Toyotas, Hondas, and Mitsubishi jeeps, they reconditioned the cars at repair workshops in Tianhe and Huangpu Districts and then sold them at lower prices to units or individuals in Guangzhou or other cities outside the province. [Summary] (Hong Kong ZHONGGUO TONGXUN SHE Chinese 10 Dec 94)

#### **Guangxi**

#### **Guangxi Scores Good Results in Fighting Corruption**

At an anticorruption work conference held in Guangxi, Vice Chairman Yuan Zhengzhong said that in the coming months, the region will focus attention on screening the indiscriminate extraction of charges, officials touring abroad at public expense, party and government officials and personnel using enterprise funds, and unhealthy tendencies of trade. To date, Guangxi has abolished 4,626 kinds of unreasonable charges, returned a total of 76 million yuan; screened 4,500 personnel involved in touring abroad at public expense; and asked 2,499 party and government organs to separate themselves from economic entities. In addition, party and government organs have also returned 20 cars to enterprises.



Yuan said that the region introduced 137 items on enforcing law, which alleviated the peasants burden. Li Enchao, secretary of the regional CPC Discipline Inspection Committee, said that Guangxi's anticorruption drive will extend from the economic to the political field and from the party and government organs and county level leading cadres to state enterprise leaders and township cadres. [Summary] (Beijing ZHONGGUO XINWEN SHE in Chinese 0644 GMT 4 Dec 94)

#### Hainan

##### Hainan Succeeds in Attacking Armed Criminal Activities

In the struggle against criminal activities from April to October this year, Hainan has attained marked achievements. The province arrested 1,443 offenders, detained 334, tried 3,255, and sentenced 508 to reform-through-labor. The province held a total of 43 public meetings to pronounce judgement on 737 criminals. Hainan smashed various kinds of 558 criminal gangs, which had 2,476 members, of which 174 gangs with 859 members committed armed crimes; and smashed 863 dens involved in trading of arms and prostitution. The province cracked 2,576 criminal cases of all types of crimes, of which 1,548 were major ones; and cracked 271 cases involving arms. Hainan confiscated 4,361 weapons, including 162 army guns, 140 imitation army guns, 3,266 long and short powder guns, 5,353 rounds of bullets, 209 hand grenades, 1,430 pieces of lethal weapons, and ill-gotten money and materials worth 120 million yuan. Hainan also smashed 14 drug trafficking points, 167 brothels, 383 gambling places, and 250 dens involved in other illegal activities. [Summary] (Hainan HAIKOU RIBAO in Chinese 3 Dec 94 p 1)

#### Hebei

##### Hebei's Hengshui Punishes Corrupt Officials

The Hebei Hengshui prefecture party committee punished 15 officials involved in 10 cases. Ren Qiushu, deputy director of Hengshui lake economic development zone, took advantage of his position in accepting a 71,000 yuan bribe from a construction unit. The Hengshui prefecture party committee decided to expel Ren from the party, remove him from the office, and severely punish him according to law. During his term of office as deputy director and director of the Jizhou Public Security Bureau, Sun Jianrong practiced fraud and got a certificate for his wife to give birth to a second child. He extorted money from enterprises, gave valuable presents to relevant personnel, and pocketed the fines totaling 1 million yuan, of which he used 105,000 yuan in lavish feasts. The Jizhou prefecture party committee and government made a decision on placing Sun on probation within the party for one year and removing him from the office of director of the Public Security Bureau. Disciplinary measures were also taken against other 13 officials involved in 8 cases. [Summary] (Beijing ZHONGGUO JIJIAN JIANCHA BAO in Chinese 30 Nov 94 p 2)

#### Henan

##### Henan Effectively Cracks Down on Prostitution, Gambling, Drugs

In the course of implementing the spirit of the national antipornography work conference, public security organs at all levels in Henan Province effectively cracked down on crimes related to prostitution, gambling, and drugs. More than 100,000 recreational places were examined, and 1,116 of them were closed down or were deprived of business licenses for violating the regulations. The security organs detained and arrested 50,321 people engaged in prostitution, gambling, and drug dealings. By the end of October, Henan cracked 147 drugs-related criminal cases, arresting 201 criminals and seizing 1,345 grams of heroin and 125 kilograms of opium. More than 1,000 drug addicts were detained for rehabilitation. [Summary] (Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 9 Dec 94)

#### Hubei

##### Wuhan Cracks Down on Pornography, Illegal Publications

On the afternoon of 20 November, Wuhan's Qiaokou district held a meeting to punish 8 offenders for producing pornographic articles. This is the third meeting held this year since the drive to attack pornography and illegal publications. By 19 November, the city had cracked 31 cases of producing and selling pornographic articles and illegally publishing periodicals, and arrested 76 offenders.

After cracking the major illegal publication case and confiscating 75,000 copies of the publication in September this year, the Wuhan Public Security Bureau found out the crimes of an offender involved in four illegal publications. In October, the police cracked a major cross-province case of selling erotic pictorials and confiscated 1,920 copies of pictorials smuggled from Hong Kong. Five offenders involved in the case were arrested. [Summary] (Beijing GUANGMING RIBAO in Chinese 27 Nov 94 p 2)

#### Hunan

##### Hunan Doctor Expelled From Party for Visiting Prostitute

Following his retirement in August 1992, Li Rongguang, formerly a doctor of Hunan Xiangtan Sanitation and Antiepidemic Station, was employed by the Detention House of the Xiangtan Public Security Bureau to examine prostitutes and give them medical treatment. However, he took advantage of the post to have sex with 4 prostitutes. He paid 120 yuan and gave some medicines to the prostitutes, seriously violating discipline and exerting an adverse influence among the masses. The Xiangtan Public Health Bureau made a decision on 21



September 1994 on expelling him from the party. [Summary] (Beijing ZHONGGUO JIJIAN JIANCHA BAO in Chinese 3 Dec 94 p 3)

#### **Hunan Cracks Down on Criminal Gangs, Executes Serious Criminals**

Wu Xiangdong, secretary of the Hunan Provincial Political Science and Law Commission, revealed at a telephone meeting held by the provincial party committee and government on 7 December, that in the last three months, 6,795 "major and exceptionally big cases" have been unearthed throughout the province; 2,350 criminal gangs have been destroyed; and a number of serious criminals have been executed. This crackdown will continue until the Spring Festival. [Summary] (Changsha Hunan People's Radio Network In Mandarin 2300 GMT 7 Dec 94)

#### **Hunan Executes Two Peasants for Stealing 66 Cows**

Two Chinese peasants from Hunan province were sentenced to death for stealing 66 cows worth 60,000 yuan (7,000 U.S. dollars). Six accomplices were jailed, several for life. Also executed on Wednesday the former deputy director of the No. 9 Construction Company in Chongqing, Sichuan Province, for embezzling 860,000 yuan (100,000 US dollars). [Summary] (Hong Kong AFP in English 0556 GMT 8 Dec 94)

#### **Liaoning**

#### **Dalian Deals With Case of 'Illegal Fund-Raising' Activities**

Recently, the Dalian procuratorial organ investigated and dealt with a case of "illegal fund-raising" activities by the Dalian Hongxiang Industrial Development Company Limited. Sun Hongxiang, chairman and general manager of the company; Song Diancheng, Wang Luan, and Ji Jinpu, deputy general managers; and Cao Xiuting, branch manager, were all arrested according to law. The company had been in the fund-raising business for 12 years, and the total funds raised exceeded 340 million yuan. Owing to high interest burdens, poor management, embezzlement, and squandering, the company suffered large losses every year and was heavily in debt. What is more, in defiance of the city government's order issued at the beginning of this year to check arbitrary fund-raising activities according to the central stipulations contained in the "Opinion on Current Economic Situation and Intensification of Macroeconomic Regulation and Control," the company continued the fund-raising activities, secretly remitted 6.6 million yuan and \$200,000 to other accounts, and bought air tickets to escape.

According to the property screening committee set up to check the assets of the company at the time of their arrest, the total losses of the company amounted to 172.91 million yuan, funds already recovered amounted

to 170.25 million yuan, and money embezzled, misappropriated, squandered, and missing reached 46.72 million yuan. [Summary] (Hong Kong TA KUNG PAO in Chinese 8 Dec 94 p 4)

#### **Shanghai**

#### **Japanese Businessman Confesses To Importing Pornographic Video Tapes**

A Japanese businessman is awaiting sentencing after confessing to importing pornographic video tapes and magazines. Xinmin Evening News reported that the man, identified as Sasaki, was stopped by a customs officer at Hongqiao Airport recently. He had made eight trips between Tokyo and Shanghai in the past two years. The officer checked Sasaki's bags and found tapes hidden under food, in a toothpaste box, in file boxes, envelopes and at the bottom of a tool-box. "The well-dressed Mr. Sasaki had no choice but to confess his crimes of smuggling pornographic magazines and video tapes as well as poisoning (the minds of) some Chinese girls," the report said. In a separate case, a man identified as Wang, 31, was sentenced to three years imprisonment on November 12 for trying to bring in 10 pornographic magazines and eight blue movie tapes. Wang collected the materials in Japan where he studied for two years before returning to Shanghai on October 15, the report said. [Summary] (Hong Kong AFP in English 0848 GMT 02 Dec 94)

#### **Shanghai Cracks Land Leasing Economic Cases**

The Shanghai CPC Discipline Inspection Committee, Supervisory Committee, and Municipal Procuratorate jointly cracked a major land leasing case rarely seen since the PRC founding. The case involved 10 million yuan and a number of leading cadres of the party and government organs and economic management departments.

Li Jiansheng, deputy director of the Shanghai Urban Planning Bureau, received a bribe of \$20,000 from a foreign businessman for land leasing. He was expelled from the party and is sentenced to 8 years imprisonment. Yao Guitao, member of Shanghai Changning district, director of the district agricultural office, and party secretary of Xinjing town, received a bribe of over 500,000 yuan. Qu Peijin, vice general manager of the Shanghai Gas Company and director of the Meilian Company, received a bribe of over 400,000 yuan; General manager Zhu Xiuqin and vice general manager Wang Guiming of the Meilian Company received a bribe of over 500,000 yuan; and Zhou Jian, manager of the Shanghai Haihua Real Estate Company, accepted a bribe of over 400,000 yuan. All the aforementioned five officials are being prosecuted by the Shanghai Procuratorate. [Summary] (Beijing ZHONGGUO JIJIAN JIANCHA BAO in Chinese 3 Dec 94 p 1)

#### **Shanghai Prosecutes 85 County-Level Cadres**

Shanghai procurators focused their attention at economic crime cases committed by cadres at the county-level. In the first ten months of this year, 85 county-level

leaders and deputy leaders have been punished for committing economic crimes. The number of such cases is five times more than that for the same period of last year with a total of RMB [Renminbi] 15.04 million involved. Among the detained cadres 29 are county-level leaders or above. One of the main characteristics of the crimes committed by these cadres is the abuse of power for financial gains. [Summary] (Beijing ZHONGGUO XINWEN SHE in English 0921 GMT 7 Dec 94)

#### Sichuan

##### Policeman Sacrifices Life While Arresting Criminals in Sichuan

On 20 November, Ren Xiancheng, a policeman of Pi Xian Public Security Bureau, sacrificed his life while arresting criminals. When the ruffian who killed Ren was captured, the police found out he was a member of a gang with an underworld nature, and ordered the arrest of other criminals at large. According to information, the police took action on 27 November to besiege a house in Gongping Township, Wenjiang County, believing that the gang had hidden in it. Knowing that they were encircled, two of the gang members tried to run away on a motorcycle with guns in hands. When Rong Mengze, deputy captain of the Wenjiang Public Security Bureau, dashed to the ruffians, the motorcycle lost its balance and fell into a river beside the road. The two criminals, later identified as Yu Tonghe and Wang Zhenggang, still put up a desperate struggle, but were eventually shot dead by the police, with a "5.4" military handgun, two magazines, 17 cartridges, and two pen-guns seized on the spot. The police are now chasing the other criminals still remaining at large. [Summary] (Chengdu SICHUAN RIBAO Chinese 30 Nov 94 p 1)

##### Chongqing Cracks Down on Economic Crime

Chongqing executed a company assistant manager for embezzling 860,000 yuan of public funds. From January to September this year, the city courts handled 270 cases of corruption, bribery, and embezzlement involving 355 people, of which 11 were officials at and above county level. In a certain capital construction project, Ning Keming, the offender who was executed, accepted bribe of 450,000 yuan on one occasion. He also committed others crimes involving hundreds of thousands of yuan.

Song Maorong, deputy director of Chongqing Intermediate People's Court, said that the court will step up efforts to crack down on economic crime and sternly punish according to law those involved in major cases, irrespective of their position. [Summary] (Beijing ZHONGGUO XINWEN SHE in Chinese 1328 GMT 7 Dec 94)

##### Sichuan Expels Officials on Charges of Corruption

The Sichuan Provincial Commission for Discipline Inspection has decided to expel Yang Zhongcheng, former deputy commissioner of the Wanxian Prefectural Administrative Office and deputy general manager of

Sichuan Tongya Industrial Development Company, and Shi Jiaping, deputy head of the provincial Civil Affairs Department, from the party and discharged them from public employment on charges of corruption, embezzlement, and bribe-taking. They were also found guilty by the Chengdu Intermediate People's Court and sentenced to 12 and seven years' imprisonment respectively. When he was deputy commissioner of Wanxian in 1992, Yang took forcible possession of 15,000 yuan worth of stock certificates belonging to Sanxia Material Industrial Company Limited Group, and in 1993, he secretly obtained 60,000 yuan from the rebate of a land deal in Guangxi. Between February 1993 and May 1994, Shi abused his authority by asking for and taking bribes of various kinds totalling 30,000-odd yuan, and he also received a cash gift of 1,000 yuan in violation of regulations.

According to statistics, between January and October this year, a total of 6,615 cases in violation of law and discipline were placed on file for investigation and prosecution across the province, of which 17 and 200 cases involved cadres at departmental and county levels respectively. So far, 5,512 cases have been settled, party and administrative disciplinary actions have been taken against 5,391 offenders, and economic losses amounting to 60 million yuan have been recovered. [Summary] (Chengdu SICHUAN RIBAO Chinese 9 Dec 94 p 1)

##### Hong Kong Kidnapper Arrested in Chongqing

The Chongqing municipal Bureau of Public Security confirmed that chief criminal, Wong Wing Yuet, who kidnapped and killed a hostage last September in Hong Kong was arrested in Chongqing and would be repatriated to Hong Kong for police investigation. Wong was arrested by local police in Jiangjin, Chongqing City. Later, under the guidance of Wong, the police arrested Wong's elder brother who had hidden him in Chongqing. Wong confessed that he committed the crime after he had lost a sum of money by gambling. His accomplices, surnamed Fong and Yip, also owed huge debts from gambling. On September 26, Wong lied to his ten-year-old nephew Wong Wan Se by saying that "your grandfather has a serious illness" and kidnapped him. Wong then demanded HK\$ 3 million from the boy's father (who is a cousin of Wong) for the boy's release. During the course of kidnapping, Wong, fearing that the boy would cry and alert other people, put an ammonia-soaked handkerchief on the nose and mouth of the boy who later died of poisoning. His body was found in Tai Mo Shan by the Hong Kong police on September 29.

After the crime was made public, Wong fled to Macao with Fong, one of his co-conspirators. From there, he fled to Zhuhai and then to Nanning, capital of Guangxi, and notified his elder brother, who was living in Fujian, to meet him in Nanning. On November 2, they fled to Chongqing together and hid, using the forged name of Choi, in a house that belonged to relatives from the same village.

After careful investigations, the police found out where he was and arrested him on December 2. As for his other



accomplices Yip and Fong, they were arrested separately by the police in Hong Kong and in Macao earlier. [Summary] (Beijing ZHONGGUO XINWEN SHE in English 1340 GMT 9 Dec 94)

#### **Qinghai's Hainan Executes Three Criminals**

Tongde county, Guinan county, and Maying town of Hainan autonomous prefecture held a meeting of 1,500 people at the same time on 14 November to announce the verdict of the Qinghai Higher People's Court on executing 3 murderers.

Murderer Yan Zhongcai was sentenced to 3 years imprisonment in 1991 for rape. When Yan was drunk on 7 June this year, he broke into a farm dormitory and used a knife to stab Guo. After killing Guo, he seriously injured Guo's brother with a knife.

Murderer Wang Sanying sneaked into a peasant's residence at midnight of 30 April to commit robbery. When he was discovered by the owner Ba, he immediately snatched a cudgel, beat Ba to death, and took away 1,230 yuan of cash from the cupboard.

Murderer Chang Zhenglei and a villager Zhang went to Guinan in April 1993 to do business. He found that Zhang had 3,000 yuan of cash and intended to kill him. While Zhang was asleep on 25 September, Chang killed Zhang and took away 2,400 yuan in cash.

The Nanhai Intermediate People's Court sentenced the three criminals to death for deliberate murder and deprived them of their political rights for life. [Summary] (Xining QINGHAI RIBAO in Chinese 29 Nov 94 p 2)

#### **Yunnan**

#### **Yunnan's Public Security Organs Achieve Results in Solving Crimes**

Since August, public security organs at all levels in Yunnan Province have achieved marked results in carrying out the struggle to severely clamp down on crime and rectify social order, with the stress on solving outstanding social order problems, by taking effective measures of all kinds in sight of the province's actual conditions. By 30 November, the province had cracked 8,999 important and major cases, destroyed 2,379 criminal gangs, with 9,714 gang members arrested, seized 1,951 guns and a lot of heroin, and seized stolen money and goods worth 110 million yuan. Through three months of valiant struggle, the Dehong Autonomous Region destroyed 69 criminal gangs of robbers, murderers, and hooligans, with 290 gang members arrested and seized stolen goods worth more than 400,000 yuan. After cracking 12 serial home robbery cases and a gang composed of eight robbers, the Qujing City Public Security Bureau again destroyed a criminal gang of nine rapists and robbers, cracked 11 cases of rape and gang rape, and through intensive efforts, ferreted out two gangs of robbers, with 14 gang members arrested, and

cracked 37 robbery cases. Through careful planning, the Tonghai County Public Security Bureau destroyed in one move a gang of hooligans headed by Ji Gongbang which had tyrannized villages and harmed people for a long time, arrested its ringleader and key members, and brought them to justice, thus rooting out this evil force and winning the applause from the masses. On 15 November, the Yongshan County Public Security Bureau arrested a gang of four criminals involved in abducting women and children. [Summary] (Kunming Yunnan Radio Mandarin 1000 GMT 13 Dec 94)

#### **Women's TV Program To Begin Daily Airing**

OW1512045494 Beijing XINHUA in English 0407 GMT 15 Dec 94

[FBIS Transcribed Text] Beijing, December 15 (XINHUA)—China will launch its first TV program specially for women next year to promote the Fourth World Conference on Women, to be held here in September 1995.

Central Television Station President Yang Weiguang said here Wednesday that the TV series, named "Half the Sky", will be broadcast every day to spread news about the conference nationwide.

"Outstanding female figures, the history of the women's liberation movement and relevant documents will be our focus," he said.

"Moreover, we hope men will also become interested in the conference after watching the program," he added.

Chinese women are said to "hold up half the sky" as they have set foot in almost all fields once dominated by men, and now have equal status with male Chinese.

But there is still a large number of female illiterates.

The 45-minute program will also include fashion, cosmetics and discussions of "special problems" concerning women, Yang said.

The Central Television Station has 700 million viewers nationwide.

#### **Military**

#### **Chengdu Sends 1,000 New Recruits to Tibet**

HK1512033694 Beijing JIEFANGJUN BAO in Chinese 4 Dec 94 p 1

[Report by correspondents Wu Wenliang (1776 2429 5328) and Yang Cheng (2799 6134): "One Thousand New Recruits Sent to Tibet"]

[FBIS Translated Text] Chengdu, 1 Dec (JIEFANGJUN BAO)—The first group of 1,000 new soldiers recruited this year by the Tibet Military District accepted the solemn baptism of joining the Army and leaving for Tibet today in Chengdu amid cold wind and rain. Beginning at 0645 early in the morning, they will leave



for the "roof of the world" via six passenger and cargo aircraft, taking the first step of their army life.

The Chengdu Military Region held a grand seeing-off ceremony at the airport. Gazing at the columns of new recruits who remained standing amid the rain and wind, Kui Fulin, commander of the Chengdu Military Region, said: Tibet, an inseparable part of the motherland, is a fertile land as well as a plateau where conditions are harsh. I hope our new comrades-in-arms will make new contributions to the great cause of defending, stabilizing, and building Tibet. He called on the new recruits to carry forward the "spirit of old Tibet" founded by generations of plateau servicemen and become a new generation of plateau servicemen who can endure hardships, who can fight under any circumstances, and who can get a good start in their new career.

The new recruits, who come from nine provinces and autonomous regions, had the common aspiration: "Go to the plateau and border where conditions are harsh to make new contributions." Liu Liang, who came from Shanxi rural areas, is the youngest and shortest among the new recruits. He stretched his neck and stood on his tiptoe to listen to the commander's address. When the reporter told him that "the conditions in Tibet are harsh," he replied with great seriousness: "I am not afraid of that!" Wang, the deputy head of a certain unit, told this reporter that the political quality and general health of this group of new recruits are good, and they have a relatively high level of education. However, he said he was worried about whether the new recruits could bear the hardships in Tibet, because most of them came from single child families.

Amid lively music, the new recruits boarded the plane to begin their new life. Reporter Yang Cheng also accompanied them and traveled on the same flight to the plateau. He will promptly inform our readers about the news and outlook of the new recruits on "the roof of the world."

### Economic & Agricultural

#### Beijing Holds National Planning Conference

OW1512091594 Beijing XINHUA Domestic Service in Chinese 1048 GMT 13 Dec 94

[By RENMIN RIBAO reporter Fei Weiwei (6316 0251 0251) and XINHUA reporter Li Dingang (2621 1353 1344)]

[FBIS Translated Text] Beijing, 13 Dec (XINHUA)—A national planning meeting was held in Beijing from 10 to 13 December. The main topics of the meeting were implementing the guidelines of the central economic work conference; discussing the draft of the 1995 national economic and social development plan; studying ways to properly handle the relations among reform, development, and stability, with emphasis

focused on checking inflation; and strengthening and improving macroeconomic regulation and control.

Vice Premier Zou Jiahua attended the meeting. After hearing the suggestions and opinions of the responsible comrades from the various provinces, autonomous regions, and municipalities directly under the central government, he made an important speech on implementing the guidelines of the central economic work conference and on drawing up next year's economic plan. At the meeting, Chen Jinhua, State Planning Commission minister, delivered a report entitled "Strengthening and Improving Macroeconomic Regulation and Control by Focusing on Checking Inflation and Striving To Fulfill the Macroeconomic Target for 1995." The report analyzed China's achievements economic and social development in 1994 and the existing principal problems and set forth the plan and target for macroeconomic regulation and control, as well as the principal policies and measures for 1995.

The meeting held that since the beginning of this year, various reform projects have proceeded smoothly in line with the party Central Committee's guiding principle of "seizing opportunities, deepening reform, opening wider to the outside world, promoting development, and maintaining stability." An important stride has been made in setting up a macroeconomic regulation and control system for the socialist market economy, and positive achievements have been made in macroeconomic regulation and control. A fairly rapid growth rate has been maintained for the national economy, and the annual GDP [gross domestic product] is estimated to have increased 11 percent over 1993; the construction of major projects of the state has been further strengthened, and the construction of basic industries and infrastructural facilities has been done better this year than the past few years; financial and monetary stability has been maintained; revenue has increased fairly rapidly and bank credit and issuance of currency have been fairly well-controlled under the new financial and taxation system; good momentum has been maintained in opening to the outside world; the reform of the foreign exchange and foreign trade systems has effectively boosted foreign trade, and the areas where foreign capital is used have expanded; the living conditions of both urban and rural people have continued to improve, and there has been all-round development in science and technology, education, and other social undertakings.

The meeting pointed out: Inflation is a prominent contradiction affecting the present economic situation and that of next year's. Therefore, it is necessary to thoroughly understand the danger of inflation and the urgency and importance of checking inflation. After analyzing the reasons for the current level of inflation, the meeting held that inflation is the inevitable price we pay for reforming the price structure. In addition, the main reasons are that investments in fixed assets and consumption funds have increased too rapidly in the past few years, which have led to the excessive issuance

of currency. Demand and costs have pushed up commodity prices. Agriculture remains the weakest link of the national economy. The increase in the production of some important farm products has failed to meet the needs of the developing economy and meet the people's improved standard of living. Particularly in the past few years, some localities have neglected agriculture and the "vegetable basket" projects. This, plus drought and flooding disasters, has led to the excessive rise of food prices.

Another reason for the excessive rise of commodity prices is the poor price regulation and control system, poor market monitoring and management work, and the chaotic state of the order of commodity circulation. These problems have emerged in the process of rapid economic development and at a time when reform is being deepened. But we must never take this lightly. We must attach great importance to this situation. The meeting stressed that it is necessary to proceed from reality and analyze and solve the contradictions by seeking truth from facts so as to consolidate and develop the excellent situation. In line with the guiding principle set by the central economic work conference, we must make the checking of inflation the priority task of macroeconomic regulation and control next year. We must be determined to adopt effective measures to bring down the excessive rise of commodity prices as soon as possible, so as to promote the sustained, rapid, and healthy development of the national economy.

The meeting urged that the 1995 plan should focus on checking inflation. It also called for efforts to do the following tasks well:

1) In line with needs and when it is possible, it is necessary to take into account all factors, particularly the need to check inflation, and decide on a rational growth rate for the economy.

2) It is necessary to vigorously strengthen agriculture, increasing agricultural input, effectively guarantee acreage for major farm crops such as grain and cotton, and make every effort to increase the supply of major farm and sideline products, so as to ensure market supply.

3) We should strictly control the scale of investments in fixed assets, intensify the readjustment of the investment structure, concentrate forces and shorten the battle line, ensure that construction projects are completed and go into production, and raise investment efficiency. At the same time, it is necessary to strengthen and improve the management of consumption funds and resolutely prevent consumption funds from increasing too rapidly.

4) Concerning industrial production, it is imperative to give priority to adjusting the structure and improve efficiency, resolutely conduct production and operations in line with the needs of domestic and foreign markets, strengthen the development of new products and technical transformation in enterprises, and enhance enterprises' ability to adjust to changes in the market.

5) Efforts should be made to further improve the structure of commodity circulation while focusing on such key commodities as grain, cotton, edible oils, meat, vegetables, and chemical fertilizers, deepen reform of the circulation system, strengthen supervision over market prices, and standardize price behavior.

6) We must further expand foreign trade, effectively use foreign loans, strengthen guidance and management so as to channel foreign investments into desired areas, and integrate in a better way the utilization of foreign capital with domestic structural adjustments.

7) It is necessary to actively develop science and technology, education, and other social undertakings, continue to improve the people's living conditions, and maintain coordinated economic and social development.

The meeting noted: There are many favorable factors for economic development in 1995. The whole party and the whole country have attached importance to and work for the strengthening of agriculture; various reform projects are making smooth progress and improving; leaders at all levels have attached importance to checking inflation; key construction projects have gone into production, one after another; some "bottleneck" restrictions have been alleviated; and the country is opening wider to the outside world and expanding economic and technological exchanges with foreign countries—all these have created favorable conditions for fulfilling the 1995 national economic and social development plan. So long as we put into play the positive factors of all quarters and constantly overcome difficulties, we shall be able to markedly bring down the retail prices of commodities. We are fully confident of this.

The meeting pointed out emphatically: As the tasks of reform, opening to the outside world, and economic development for 1995 are very heavy, it is necessary to further strengthen and improve macroeconomic regulation and control and strive to create a good economic environment in line with the requirements set by the central economic work conference. Practice during the past year or so has proved the following points: To develop a socialist market economy, it is necessary to improve macroeconomic regulation and control, and it is particularly necessary during the time of transforming the economic system and accelerating modernization construction; it is necessary to appropriately grasp the focus, timing, and intensity of macroeconomic regulation and control on the basis of comprehensively assessing and correctly judging the state of the macroeconomy; it is necessary to strengthen macroeconomic regulation and control in conjunction with the deepening of reform, give full play to state planning's role of overall guidance and coordination in macroeconomic regulation and control, enhance the unification and effectiveness of macroeconomic regulation and control, strengthen legislation, and further put macroeconomic regulation and control on an institutional and legal basis; and it is necessary, under the guidance of the requirements for



national macroeconomic regulation and control, to correctly give play to the role of economic regulation at the provincial level, so as to ensure the fulfillment of the objective of national macroeconomic regulation and control.

In his important speech made at the conclusion of the meeting, Vice Premier Zou Jiahua pointed out: Implementing the guidelines of the central economic work conference is an important guarantee for successfully carrying out the economic planning work for 1995. In carrying out this work, we must adhere to the ideological line of seeking truth from facts, foster a good style of work, and apply a scientific work method. As the departments in charge of the overall balance of the economy, planning commissions at all levels must always remain sober, even under a good situation, persist in working according to objective economic laws, conduct investigations and studies by observing reality, engage in scientific analysis, and give detailed guidance for coping with different situations and problems. We should make overall plans, take into consideration long-term interests, keep development within the limits of our capabilities, make breakthroughs in key areas, carry out the economic planning work for 1995 in a down-to-earth way, and comprehensively fulfill the tasks set by the central economic work conference.

Attending the meeting were responsible persons, heads of the planning commissions, and heads of the price bureaus of various provinces, autonomous regions, municipalities directly under the central government, and cities under state control; leaders of various relevant departments; and representatives of enterprise groups under direct state control.

#### Departments Brief NPC on Economy, Security

OW1512092894 Beijing Central Television Program  
One Network in Mandarin 1100 GMT 14 Dec 94

[Announcer-read report over video by caption-identified correspondents Zhao Yufei (6392 1342 7378) and Liu Zhengzhu (0491 2973 6999); from the "National News Hookup" program]

[FBIS Translated Text] [Video opens with medium shot of a packed conference room, cuts to show close-up of Finance Minister Liu Zhongli, among other officials, delivering reports] From 12 to 14 December, some deputies of the National People's Congress heard reports in Beijing by the Ministry of Finance, the State Planning Commission, the State Economic and Trade Commission, the Beijing Municipal Government, and relevant departments on reform of the fiscal and taxation systems, the current economic situation, inflation, and the capital's management of public security. They put forward many useful opinions and suggestions. After having heard the reports, deputies believed that overstepping one's authority to approve tax reductions or exemptions posed a very conspicuous problem in the current administration over the collection of tax payments. It had a

serious impact on the financial revenue of the state. They suggested that the examination and approval system be strictly improved and that necessary laws and regulations be formulated to keep the approval of tax reductions or exemptions within bounds.

As regards the issue of commodity prices, deputies suggested that, before the prices of various commodities are set, relevant government departments conduct careful feasibility studies, estimate their results, and draw up necessary measures to prevent the occurrence of problems as best they can.

#### State Firm Debts Reportedly Top 1 Trillion Yuan

HK1512061494 Hong Kong SOUTH CHINA  
MORNING POST (BUSINESS POST) in English 15  
Dec 94 p 1

[By Rowena Tsang]

[FBIS Transcribed Text] Bad debts could amount to a third of China's outstanding bank loans, according to a mainland economist.

The country's banks will have dished out loans that total three trillion yuan (about HK\$2.73 trillion) by the end of this month, according to the economist's estimates. Bad debts, which are expected to touch a trillion yuan, are far more than the provision of seven billion yuan for the bad debt reserve allocated by the central bank to the state banks. Most of the debts have been incurred by bankrupt state-owned enterprises. To help the state banks solve the bad debts problem the People's Bank of China planned to allocate seven billion yuan to the state banks in 18 cities. These cities were designated to be pilot cities for ailing state enterprises to declare bankruptcy.

The official ECONOMIC INFORMATION DAILY [JINGJI CANKAO BAO] previously cited Zhao Haikuan, secretary-general of the China Monetary Society, as saying the unrepaid debts owed by the state enterprises to the banking system would amount to one trillion yuan, equivalent to 40 per cent of the country's bank loans. About 80 per cent of the working capital of state enterprises came from bank credit. In the first nine months of this year, about 44 per cent of state enterprises lost money, making it more difficult for the banks to claim the debts.

The outstanding bank loans for Guangdong Province is estimated to reach 400 billion yuan this year.

"The bad debts affect not only the capital circulation of the banks but they cause a shortfall in available credit to private enterprises," said Zhang Yuanguan, professor of economics at Jinan University.

#### Minister Cited on Tackling Enterprise Problems

OW1512093794 Beijing XINHUA in English 0914  
GMT 15 Dec 94

[FBIS Transcribed Text] Beijing, December 14 (XINHUA)—China has pledged to do a better job of experimenting in setting up a modern enterprise system and to solve difficulties in the way.



According to Wang Zhongyu, minister in charge of the State Economic and Trade Commission, there are several major issues to be settled concerning the establishment of a modern enterprise system.

First of all, the property right relationships will be clearly defined. The central point for a modern enterprise system is to separate government administration from enterprise management.

Secondly, most of the experimental enterprises will be transformed into limited-liability companies. The rest can become shareholding companies, of which a few will be listed in the stock market.

The third is to set up a standard legal person management structure in accordance with the Enterprise Law.

Then, on the basis of making an inventory of fixed assets and capital, the nature of property and capital of those enterprises will be cleared up.

Finally, the problem of enterprise debt will be solved.

China has chosen 100 enterprises for experiments in the setting up of a modern enterprise system.

Wang stressed that all government departments, localities and the enterprises themselves should work out their own plans on the experiments.

### **XINHUA Reports Start of Three Gorges Construction**

*OW1412170194 Beijing XINHUA in English 1524 GMT 14 Dec 94*

[By XINHUA correspondents Yan Wenbin and Tang Weibin: "Three Gorges Dam Site Boiling"]

[FBIS Transcribed Text] Beijing, December 14 (XINHUA)—The construction site of the ambitious water project at the Three Gorges began to boil today.

Bulldozers are booming; cement mixers are roaring; trucks fully loaded with earth and stone are shuttling to and fro along the bumpy roads that winds 40 kilometers through the site; more than 18,000 construction workers babbling in different dialects are braving the icy blasts from Siberia, moving about busily.

As the first cubic meter of cement was poured into the pilings of the cofferdams on the southern bank of the Chang Jiang River, the whole construction site was astir.

According to Zhang Baosheng, general foreman of the project, plans are for the main body to be completed in three phases.

First, a clay-stone cofferdam, 2,500 m. [meters] long and 350 m. wide, will be put up on the southern bank of the Chang Jiang. Inside, a 60-m-deep flow-directing canal will be dug to serve as an outlet for the main stream of the Chang Jiang River, which is scheduled to be dammed in 1997.

Afterwards, another cofferdam, to be used as a bulwark for setting up the dam and the power station, will rise in the center of the Chang Jiang. By 2003, the first power generating unit on the left side of the dam will go into operation.

Plans of the final stage call for the building of a power station on the southern bank.

At present, on the southern bank a 2,500-m-long, 80-m-high coffer is firmly in place to help block the river water. Inside the arm-shaped screen, 500 machines are working at breakneck speed to excavate a canal that controls the flow. There used to be an island called Zhongbaodao here, which was demolished in the preparatory work for the project.

On the opposite bank, a 200-m hill has been removed to make room for a building site and construction of a bridge stayed by steel cables spanning the Chang Jiang River is under way.

The worksite, aswam with various excavators, cranes, bulldozers, automatic loading and unloading machines, is called by the local workers as an "international construction machinery fair". Many of the machines have been imported from the United States, Germany, Russia, Italy and Japan.

Another general foreman, Shi Zhenhuai, said: "The Three Gorges Project is such a great one that each component is as big as any large hydro-power station already built or being built in China."

Contractors could not have won the bids without first-rate equipment and techniques, said Shi, who has overseen the construction of several of China's large water conservancy works.

The Gezhouba Engineering Bureau, a leader in China's hydro-power construction, poured 600 million yuan (70 million U.S. dollars) into the beginning of the project to introduce more than 1,000 modern machines from abroad.

Zu Xingnian, who is responsible for this mechanized army under the command of the bureau said that even with only 200 workers on the site, the machines number 100. In half a year's time, his workers have moved one million cubic meters of earth and rock.

A giant truck, weighing 138 tons, is the largest machine so far at the dam site. Each tyre is half a meter thick and two meters in diameter. This huge monster is being driven by a slim lady, Zhang Guiru, who is the mother of a three-year-old boy. Zhang said that every day she spends eight hours in the cab, and then spends her spare time weaving sweaters for her son.

### **Dam Aimed at Preventing Flooding**

*OW1512094994 Beijing XINHUA in English 0811 GMT 15 Dec 94*

[FBIS Transcribed Text] Beijing, December 15 (XINHUA)—The Three Gorges water-control project will

play a crucial role in preventing floods on the middle and lower reaches of the Chang Jiang River, experts have told reporters.

"The Three Gorges project is mainly for the purpose of preventing floods," said Lu Youmei, general manager of the China Changjiang Three Gorges Development Corporation.

According to Lu, the future Three Gorges Reservoir will have the capacity to hold 21 billion cu m of floodwaters, raise the ability of the Jingjiang Dykes to withstand floods rarely seen for a decade to preventing floods rarely seen for a century, and free the Jiangnan Plain and Dongting Lake area—with a population of 15 million and 1.5 million ha of farmland—from the threat of floods." [single quotemark as received]

The Jingjiang River, flowing 337 km from Zhicheng in Hubei Province to Chenglingji in Hunan Province, is located on the Jiangnan Plain, which is rich in grain and cotton. When the flood season comes, the plain is more than a dozen m lower than the water, which is solely held back by the 182-km Jingjiang Dykes. The dykes were built over 1,600 years and have often leaked or been breached.

The Chang Jiang River, which is more than 6,300 km long and flows through the central part of China, has made great contributions to Chinese civilization, but it has also brought many disasters to people living along it.

During the Han (206 B.C.-220 A.D.) and Qing (1644-1911) dynasties, the river witnessed 214 severe floods. Floods in 1931 and 1935 engulfed a total of 280,000 people.

In 1954 the middle and lower reaches of the Chang Jiang were hit by the worst flood for a century. In spite of the efforts of the government, more than three million ha of farmland were flooded, 18.88 million people were made homeless and more than 30,000 people lost their lives. Railway communications between Beijing and Guangzhou were cut for some 100 days, and direct economic losses came to more than ten billion yuan.

The threat to the middle and lower reaches is mainly caused by flood peaks following torrential rain on the upper reaches of the river, according to Xu Qianqing, a leading hydropower expert.

Any collapse of the Jingjiang Dykes will likely claim hundreds of thousands of lives and severely threaten the safety of Wuhan, a heavy industrial city in central China, the experts warned.

The specific geological position and great capacity of the Three Gorges project can effectively control floods on the upper reaches of the river and thus play a decisive role in checking flooding on the Jingjiang River, they said.

### Dam Project Detailed

OW1512045194 Beijing XINHUA in English 0357  
GMT 15 Dec 94

["Backgrounder: Three Gorges Dam and its Economic Returns"—XINHUA headline]

[FBIS Transcribed Text] Beijing, December 15 (XINHUA)—Construction of the gigantic Three Gorges Project, known as one of the ten largest water conservancy projects in the world, started Wednesday [14 December] in Yichang in central China's Hubei Province. Following is some background information on the project:

### Dam Project

The term Three Gorges Project mainly refers to the construction of a gigantic dam on the Xiling Gorge of the upper reaches of the Chang Jiang River in order to back up a large reservoir in the middle of the three gorges of Qutang, Wuxia, and Xiling, extending 600 kilometers from the city of Chongqing in Sichuan Province to Yichang in Hubei.

The project is intended to strengthen the flood control, power generating, and navigational characteristics of the river.

The dam is to be 185 meters high backing up a normal water level of 175 meters, with a total reservoir storage capacity of 39.3 billion cubic meters.

Plans call for installing 26 electric power generators on the dam with total capacity of 18.2 million kw and annual production of 84.7 billion kwh.

Based on 1993 cost estimates, total investment in the project will amount to 95.4 billion yuan (about 11 billion U.S. dollars).

Construction of the project takes place in three phases, with construction of the main part expected to take 17 years. Navigation facilities are expected to be put into use and the first groups of generators expected to start operation in the ninth year of the construction.

According to statistics, the project will involve the digging of about 80 million cubic meters of earth and stone, and the moving of about 32 million cubic meters of fill-earth and stone.

It will use 250,000 tons of metal panels, and 26 million cubic meters of concrete.

It is expected that the project will inundate 28,000 hectares of farmland and relocate 1.13 million people. The population in the inundated areas is 725,000.

### Flood Control

The project will play an important role in flood control and the economy along the Chang Jiang River, giving

economic returns in the areas of flood control, generating power, navigation, water supply, fisheries, and general local prosperity.

As one of China's developed areas, the Chang Jiang River valley accounts for about 40 percent of the industrial and agricultural production value, 36 percent of the water resources, 53 percent of the hydropower resources, and 72 percent of the water navigation of the whole country.

Lu Youmei, a hydropower expert of the China Chang Jiang Three Gorges Development Corporation, said that the main purpose of the project is flood control.

The future reservoir will be a catch basin holding 22.1 billion cubic meters of water, increasing the flood control capacity of the Jingjiang River Dam in Hubei and ensuring the safety of the Jiangnan plain and Dongting Lake areas which have a population of 15 million.

In the 2,000 years between the Han and Qing dynasties, the Chang Jiang River was the scene of more than 200 major and minor floods, about once every ten years on average.

More than three million hectares of cultivated land were inundated by the flood of 1954, affecting a population of 18 million. More than 30,000 people were killed by the flood and the Beijing-Guangzhou railway was stopped for 100 days.

The flood of 1991 on the lower reaches of the river caused about 70 billion yuan (about 8 billion U.S. dollars) in losses for Jiangsu and Anhui provinces.

#### **Electric Power**

The project is expected to generate 84.7 billion kwh annually after its completion, which is roughly equal to the capacity of seven 2.4 million kw thermal power stations and a coal mine with annual production of 40 to 50 million tons.

In navigation, the project will help improve the Chuanjiang River as a waterway to reduce the burden of railway transportation in the eastern part of Sichuan, and in central and eastern China.

It will also increase the water flow in the lower reach of Chang Jiang to improve water supply and act as a diverting system in the area.

#### **China To Continue Export Quota Bids**

OW1512051694 Tokyo NIHON KEIZAI SHIMBUN in Japanese 13 Dec 94 Morning Edition p 9

[By reporter Kenji Yuasa]

[FBIS Translated Text] Beijing, 12 Dec—The Chinese Government plans to continue its export quota bidding system that applies to certain products, beyond next year. Under the system, which was put into effect this year, a firm that wants to export products is required to

participate in bids set up by the Ministry of Foreign Trade and Economic Cooperation [MOFTEC] and pay handling fees in order to obtain a certain share of the quantitative export quota. Foreign-affiliated firms that engage in joint manufacturing of products with local firms are complaining that their export prices will go up because they will have to add the handling fees to the cost of their products. Chinese Government officials say: "The system is aimed at avoiding accusations about dumping due to indiscriminate exports" (as stated by an official at the MOFTEC). Thus, it is expected that foreign-affiliated firms and the Chinese Government will continue to remain at odds past the New Year holidays.

Under the export quota bidding system, both domestic and foreign-affiliated firms are required to participate in bids in which bidders submitting the highest prices as regards handling fees become winners and are awarded a certain share of the export quota. The bidding system applies to a total of 24 items, including cement and some food products. So far, bids have been held three times. Foreign-affiliated firms, which have been concerned about their export prices going up since the handling fees would have to be added on to the cost of their products, have been unable to gain a share of the export quota because the figures they submitted in the bids were lower than what the winners submitted.

#### **Official Says Investors Must Follow Mainland Law**

HK1512055394 Hong Kong SOUTH CHINA MORNING POST in English 15 Dec 94 p 3

[By Linda Choy in Beijing]

[FBIS Transcribed Text] Hong Kong businessmen must abide by mainland laws while they enjoy preferential policies for investment, deputy director of the Hong Kong and Macau Affairs Office Chen Ziyang said yesterday.

Mr Chen was speaking to a local business delegation on the two-year sentence meted out by a Shenzhen court to Hong Kong businessman Lo Chiu-chuen. Mr Lo was convicted of breaching fire regulations in relation to the fire in the Zhili factory last year, which led to the death of 87 people.

The official said China would consider setting up a special committee to resolve commercial disputes and assist Hong Kong businessmen, but noted that this would be a time-consuming task.

The leader of the delegation, Eddy Li Sau-hang, said the Zhili case had been turned from an industrial safety problem into a legal problem. Mr Li said he told Mr Chen that a lack of transparency during the handling of the case would undermine the confidence of local and overseas investors.



Mr Li called on China to clarify the channels through which Hong Kong investors and their relatives could get access to victims of commercial disputes stranded in the mainland.

**Inflation, Political Situation Worsens Risk Rating**

HK1512065294 Hong Kong SOUTH CHINA  
MORNING POST (BUSINESS POST) in English 15  
Dec 94 p 12

[By Amy Chew]

[FBIS Transcribed Text] China's deteriorated political and policy environment as well as its continued high inflation has forced the influential Economist Intelligence Unit (EIU) to downgrade the country's overall risk rating.

The rating was downgraded from a B to C, with the EIU warning of an uncertain political future because of the lack of a strong successor to Deng Xiaoping which could mean a paralysis in reform measures.

In its third-quarter risk report, EIU said Mr Deng's legacy was the tension between an ever more open and materialistic economy and a closed political system. The country's score on the political and policy risk category slipped from C to D, with the EIU citing increasing political uncertainty, which has brought the momentum of reform to a halt without removing any of the economic and social problems thrown up by the reforms.

EIU said China's gerontocracy had been ruling the country through a successor generation which had all the nominal power but little prestige or authority. The problem was compounded as the ageing Mr Deng was clearly no longer able to make firm decisions it said.

"The result of this is uncertainty about the future and policy paralysis for the present," the report said. EIU said that in the absence of strong signals from Mr Deng and his cohorts the successor generation was floundering.

"It is unable to take the steps needed to deepen reform, especially of the state-owned industrial sector," it said.

An indication of lack of decisive leadership was the failure of the government to bring the country's over heated economy under control.

"More immediately, this leadership, which has known that the economy is overheating for the last two years, has proved unable to stop the momentum unleashed by Deng in 1992 and has vacillated between pursuing various mutually incompatible policy goals," it said.

EIU said unless there was an appreciable deceleration in the rate of inflation, other policies would be of secondary importance. Consumer price inflation was expected to be as high as 22 per cent for 1994 on average, falling off in the last quarter as food prices stabilised. Next year if

the government has the nerve and is able to keep the brakes on the economy, inflation should fall further, to 15 per cent, it predicted.

EIU said that if inflation and other indicators failed to respond quickly to new measures, there was a strong chance that the regime would impose much tougher austerity measures, denying credit to all but the priority sectors it had identified.

"This would not mean a shake-out of the state-owned enterprises, which would, as in the 1988-89 credit squeeze, get preferential treatment.

"Many thousands of collective and private domestic enterprises would probably be forced to close, leading to a large-scale exodus of their workers from the cities back to the countryside, as in 1989-90," it said.

The reform of the loss-making state-owned enterprises was unlikely to take place quickly in spite of leaders' statements that inflation was more of a threat than unemployment.

"Gradual attempts to construct a social security safety net will continue and the process of rationalisation of the state-owned enterprises will be slow.

"Even in the absence of a perceived need to cut inflation by whatever means, political uncertainties preclude reform initiatives of any significance."

As such, little further effort to put in place a more flexible and effective financial sector could be expected.

"Talk of opening the Chinese stock markets further to foreign participation will not translate into action nor will any new initiatives be announced.

"The only front on which some measure of continued action is possible, although by no means certain, is trade policy."

China's short-term trade risk remained unchanged at a C-rating.

**Article Praises Shenzhen's Price Control**

HK1512055994 Beijing RENMIN RIBAO in Chinese 9  
Dec 94 p 1

[Commentator's article: "Inspiration From Shenzhen's 'Shopping Basket'"]

[FBIS Translated Text] Since the beginning of the year, with the great strides made in reform and the rapid development of the economy, the problem of inflation has been very striking. The increase in food prices has accounted for more than 50 percent of the general increase in prices. The prices of grain, vegetables, meat, poultry, eggs, and aquatic products have increased by an even larger margin.

This shows that changes in the prices of the "shopping basket" commodities determine the increase and

decrease in the general price level and that they are so vital as to have a direct bearing not only on the consumption level of tens of thousands of households but also on labor costs and the investment environment. They also have a bearing on stability in society as a whole and on reform and opening up. They are so important that they demand great and serious attention.

In this respect, as a leader in reform and opening up, Shenzhen has a comparatively successful experience to offer, which was reported by RENMIN RIBAO not long ago. Shenzhen was the first in China to free meat and vegetable prices. It was also the first in China to explore the possibility of giving simultaneous attention to the interests of the producer, manager, and consumer under the conditions of a market economy by using the disparity between wholesale and retail prices as a lever and by regulating the prices of important and sensitive "shopping basket" commodities. By so doing, Shenzhen has truly implemented the CPC Central Committee and the State Council's various guidelines for stabilizing the prices of "shopping basket" commodities and curbing inflation.

Freeing prices is not the same as giving them free rein, still less does it represent the end result of reform. Comrades in Shenzhen have given a dialectical interpretation of the relationship between freeing and regulating prices by clearly stating that "price freeing is reform and price regulation is also reform" and that "we must dare to free prices but we must all the more regulate prices while freeing them." Facts have proven that this is in line with the objective reality.

A comprehensive review of the history and present situation of the developed Western countries shows that price freedom under the market economy is not absolute. Under the market economy, it is necessary to regulate the prices of important commodities that have a bearing on the national economy and the people's livelihood. Just like a person who can do his job properly only when both hands are free from disability, the only way for us to make the national economy develop in a really healthy, sustained, coordinated, and orderly way is to make good use of the invisible hand of market regulation as well as the visible hand of government control.

The question of how the government shall regulate prices under the conditions of a socialist market economy is undoubtedly a completely new and urgent issue. Shenzhen's experience gives us a great deal of inspiration; that is, it is necessary to pick the right commodities as the leading commodities for price management. Out of the myriad of commodities available, Shenzhen has picked as the leading commodities "shopping basket" commodities which are most closely linked with the livelihood of the people and which have the most obvious influence on prices. Of the numerous markets, it has picked the Buji Farm Products Wholesale Market, which has the largest transaction volume in Shenzhen, as

the leading market. Of Buji Market's numerous commodity prices, it has picked the prices of meat, vegetables, and fish—the three universal and representative commodities—as the leading prices. Of the numerous price factors, it has chosen as the leading factor the disparity between wholesale and retail prices and the disparity rate, as these are the prices that fluctuate the most and are the most elastic. In this way, Shenzhen has seized the key to price management, remarkably transforming its inflation rate from the highest in China into the lowest.

Shenzhen's experience tells us that leaders, especially leaders of large and medium cities, are critically important if "shopping basket" commodities are to be properly managed and the general price level is to be stabilized. Managing the prices of "shopping basket" commodities is a complex project which requires good organization and involves many variables. It requires the government to exercise unified leadership, coordinate relationships, and form a powerful united force. Only in this way can good results be achieved.

#### State Council Work Group Checks Fujian Finances

HK1512031294 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 12 Dec 94

[FBIS Translated Text] A State Council work group yesterday left Fujian for Beijing after satisfactorily completing its work of guiding the general checks on taxes, revenues, and prices in the province. The work group arrived in Fujian on 20 November. On the afternoon of 11 December, the provincial government held a meeting to listen to a feedback report by the group on the results of their checks in Fujian. Vice Governor Pan Xincheng presided over the meeting.

The work group paid high tribute to Fujian's achievements in three general checks. This year is a year in which Fujian leaders have attached the greatest importance to the three general checks over the last 10 years; is a year in which they have conducted the most in-depth propaganda and mobilization efforts; is a year in which they have carried out their work in the most down-to-earth manner; and is a year in which they have made the most outstanding achievements. By 31 November, a total of 656 million yuan was discovered throughout the province to have been used in violation of discipline; 590 million yuan should have been stored in the state treasury; 433 million yuan had been stored in the state treasury, 73.4 percent of the amount that should have been stored, exceeding the amount stored last year, the best in the last 10 years. By the end of November, 67 percent of the checks on key units had been completed. The work group analyzed the problems in the checks and put forward proposals for improvement.

Vice Governor Pan Xincheng thanked the work group for going to grass-roots units in the province despite difficulties. On the next step of the general checks, Pan

Xincheng stressed: Departments and units which have not fulfilled their tasks must continue to carry out the general checks. The checks on key units must be carried out well to ensure that 40 percent of these units are given checks. Areas possessing the necessary conditions may appropriately raise the percentage. A good beginning will end well. We must make a success of this year's three general checks.

**Survey Shows Automobile Demand To Rise**

*OW1512093694 Beijing XINHUA in English 0911  
GMT 15 Dec 94*

[FBIS Transcribed Text] Beijing, December 15 (XINHUA)—After 15 years, China's automobile demand will reach 5.5 million to 6.5 million a year, ranking the country third after the world's biggest car consumers, the United States and Japan.

According to a survey report released by the State Information Center, the country's annual demand for automobiles will surpass 2.5 million in the year 2000. From then on, the figure will maintain a year-on-year increase of eight percent for a decade.

The premise for such a prediction is that during this period China's GNP will keep a stable growth rate of between eight to nine percent annually.

China will have at least 18 million automobiles by the turn of the century, while the figure could even hit 21 million, according to the report.

The figure is expected to set a record of 44 million or 50 million in 2010, putting China in the fourth position in the world, after the United States, Japan and Germany.

The report disclosed that China's demand for sedan cars could at least hit 1.3 million in the year 2000. At the same time, the total number of cars in the country will be more than six million.

In the year 2010 the demand will exceed 3.5 million, and the country will boast 22 million to 27 million cars.

That means every 1,000 Chinese people are going to possess some 17 vehicles in the second decade of the 21st century.

The report pointed out that Chinese consumers will buy cars mainly for business use in the coming ten years, and the sales surge of sedan cars for family use will emerge around the year 2005.



**East Region****Jiangxi Province's Rural Enterprises Booming***OW1512022794 Beijing XINHUA in English 0214  
GMT 15 Dec 94*

[FBIS Transcribed Text] Nanchang, December 15 (XINHUA)—Booming rural enterprises are playing an increasingly important role in economic development of Jiangxi Province in East China.

At present, the gross output of rural enterprises now accounts for 60 percent of the province's total and 90 percent of the province's newly added industrial output.

Rural enterprises also produce half of the increase in farmers' net income and one third of the increase in the province's fiscal revenues.

From January to October this year, the province's rural enterprises turned out an output value totalling 102 billion yuan, and the amount of tax they handed in to the state and the profit they earned increased by 61.2 percent and 119 percent over the same period of the previous year, respectively.

To boost economic development in rural areas, Jiangxi has focused big attention on developing rural enterprises and invested heavily in the sector.

This year, the province has spent over four billion yuan in adding the fixed assets of rural enterprises and launched over 10,000 new rural enterprises while expanding and transforming old ones.

While increasing capital input into the rural areas, Jiangxi also exerts effort in improving the circulation of resources and builds rural industrial zones.

So far, the province has established 235 such zones and a large number of successful rural enterprises have formed 78 company groups and 112 economic entities to increase their competitiveness in the market.

**Shanghai Stock Exchange Maps Out '95 Blueprint***OW1512054994 Beijing XINHUA in English 0514  
GMT 15 Dec 94*

[FBIS Transcribed Text] Beijing, December 15 (XINHUA)—In 1995, the Shanghai Stock Exchange will set up a brand new computer tracking system to monitor the entire trading process and it will also develop an information system which will be more convenient for investors, Li Xiangrui, chairman of the Exchange, said when explaining the blueprint for next year.

The Shanghai Stock Exchange, set up four years ago, now ranks 30th among the more than 80 stock exchanges in the world, and ninth in Asia.

The varieties of stocks listed at the Stock Exchange has increased from eight to 170 and it now has a membership of 540 and more than 3,000 trading booths.

It has become one of the best places for Chinese enterprises to invest, raise funds and participate in the operations of the capital market, Li said.

The Central Government has decided to put emphasis on the reform of state-run enterprises next year, which means that more outstanding enterprises will be able to be listed at the Stock Exchange, Li analyzed. The Stock Exchange will provide a wide capital market for the establishment of a modern enterprise system and the re-organization of state-run enterprises.

So far, China has issued nearly 400 billion yuan worth of government bonds and their trade at the Shanghai Stock Exchange has become a base on which the Government indirectly adjusts and controls the supply of currency.

During the January-November period the Stock Exchange has reported 1,107 billion yuan worth of government bonds transactions. In the next three years, the Shanghai Stock Exchange will try to create conditions for experimental market operations of the Central Bank, according to Li.

In addition, the Shanghai Stock Exchange will attract more enterprises to launch B shares and will launch B shares index futures and B government bonds overseas when conditions are mature, Li said.

**Stockbroker on Self-Regulation***HK1512104094 Hong Kong AFP in English 0905 GMT  
15 Dec 94*

[FBIS Transcribed Text] Shanghai, Dec 15 (AFP)—A top stockbroker Thursday called for government action and securities industry self-regulation to prevent further financial scandals that have dented Shanghai's image as a financial centre.

"The market's legal infrastructure is far from perfect so it is inevitable that there are scandals, especially for an emerging market," said Guan Jinsheng, the chief executive officer of Shanghai International Securities Co.

"Securities companies must regulate themselves, but the government must also issue regulations," Guan said.

Shanghai Securities News reported last week that a top official of a listed Shanghai company was arrested on charges of making a profit of 800,000 yuan (94,000 dollars) from illegally selling shares in his company.

The case, believed to be the largest to hit Shanghai's four-year-old stock market, had been preceded by several smaller cases of employees of stockbroking firms using public funds to trade in shares.

On Wednesday, another newspaper reported that a 36-year-old accountant in a Shanghai bank embezzled 60

million yuan to trade in foreign currency futures in what was believed to be the first scandal to hit the currency futures market.

"Compared to scandals in India, what has happened here is less serious. The scandals in India really destroyed India's image as a financial centre," Guan said.

A banker with a foreign bank did not think Shanghai's image would be badly affected by the scandals, saying "people who do business in China know how to treat events like this."

"In New York, there are lots of scandals. Do you think they affect New York's reputation?" he asked.

A banker with one of the first U.S. banks to be licensed here said: "Scandals will happen no matter where. Banks have to exercise judgement when dealing with customers. If they don't and get burnt that is their problem."

Guan said it would also help to raise the salaries of employees in securities companies and to impose severe punishment on offenders, as well as to employ professional accountants to do annual auditing of accounts.

### North Region

#### Hebei Secretary Attends Price Work Conference

SK1512082394 Shijiazhuang HEBEI RIBAO in Chinese 6 Dec 94 p 1

[FBIS Translated Excerpt] On the morning of 5 December, the provincial people's government sponsored a price work conference with the participation of mayors and commissioners of various cities and prefectures as well as of responsible persons from the relevant provincial departments. Cheng Weigao, secretary of the provincial party committee and Vice Governor Guo Hongqi also attended the work conference. After hearing the reports on the price situation given by the personnel of various cities and prefectures and from the provincial departments concerned, Guo Hongqi delivered a speech on behalf of the provincial party committee and people's government, in which he made specific work arrangements for the province as a whole to conduct price control.

On the afternoon of 5 December, the provincial party committee and people's government held a television and telephone conference to make arrangements for bringing the increased scale of prices and inflation under control during the winter-spring period.

It was stressed at the conference that we should regard the work of controlling the market prices and consolidating inflation as the most important task for the coming period, and vigorously grasp the work by regarding it as a crucial link in correctly dealing with relations between reform, development, and stability.

Party committees and governments at all levels across the province should immediately adopt resolute measures and make all-out and true efforts to bring down the province's trend of overly-increased scale of commodity prices.

Vice Governor Guo Hongqi presided over the conference at which Cheng Weigao, secretary of the provincial party committee, and Ye Liansong, deputy secretary of the provincial party committee and governor of the province, delivered speeches. [passages omitted]

Attending the conference were provincial leaders—including Chen Yujie, Han Shiqian, Han Licheng, Zhao Jinduo, Wu Yedu, Gu Erxiong, Wang Youhui, and Liu Zuotian—secretaries of party committees of various cities and prefectures; mayors and commissioners of various cities and prefectures; and responsible persons from the provincial level departments concerned.

#### Hebei Reports Personnel Changes

SK1512061194 Shijiazhuang HEBEI RIBAO in Chinese 3 Dec 94 p 2

[FBIS Translated Text] Following is the list of personnel changes decided by the provincial people's government on 15 November:

Tang Ruoxin [0781 5387 2500] was appointed vice chairman of the provincial planning commission.

Zhao Jingzhi [6392 2529 0037] was appointed deputy director of the provincial cultural department.

Hu Liansheng [5170 6647 3932] and Li Chengyou [2621 2052 0645] were appointed deputy directors of the provincial archives bureau.

Ren Cunzhi was dismissed from the post of deputy director of the provincial archives bureau.

Chen Jincheng [7115 6855 1004] was appointed director of the provincial state assets administration bureau.

Jia Baozhang [6328 1405 4545] was appointed director of the port affairs office under the provincial people's government.

He Zhishen [0149 5268 3234] was appointed manager of the provincial textile industrial corporation.

An Bingqi [1344 3521 1142] was appointed adviser to the provincial science and technology commission.

Wang Gaopeng was dismissed from the post of deputy secretary general of the provincial people's government.

#### Hebei To Form Foodstuff Price Regulation Fund

SK1512061394 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 14 Dec 94

[FBIS Translated Text] The provincial government has decided to collect the foodstuff price regulation fund in

some cities in the near future to strengthen the government's capability of exercising overall control over markets, to stabilize markets and commodity prices even more effectively to ensure sufficient supply, and to stabilize and improve the lives of the people. The areas where the fund will be collected include: The cities and their suburban and mining areas, under the jurisdiction of the provincial government; all the reception units providing lodgings for the people, all the restaurants and catering shops, and all the recreational places of a business nature in these cities; all the construction, installation, and decoration units in these cities that have come from outside places; and all the individually run business and commercial households in these cities; and all the outside units stationed in these cities. The standards for collecting this fund are: Among recreational places of a business nature, 3 percent of their business income should be collected; among restaurants and catering shops, 1.5 percent of their business income should be collected; and among guesthouses, hotels, hostels, and inns, additional charges should be collected based on the number of beds. In using this fund, we should persist in the principle that what is taken from the people is used in the interests of the people. This fund should primarily be used to temporarily subsidize the price differences of daily necessities and to stabilize the prices of some commodities whose prices fluctuate by a large margin due to natural calamities and accidents. This fund should also be used to stabilize the marketing prices of major foodstuffs that must be reserved, to develop the production of foodstuffs, and to build the projects aimed at regulating and controlling commodity prices on markets.

#### **Inner Mongolia Secretary on Economic Development**

*HK1512001194 Hong Kong WEN WEI PO in Chinese  
27 Nov 94 pp A1, A2*

[By staff reporter Yong Fan (2799 1581): "Inner Mongolia Secretary on Local Economic Development"]

[FBIS Translated Text] Hohhot, 26 Nov—Inner Mongolia Autonomous Region, which is located on China's northern border, is drawing up a new development strategy to lift its economy to a new high. Under the scheme, Inner Mongolia will develop heavy industry by taking advantage of its superiority in natural resources; develop light industry through producing brand-name products; increase the stock-carrying capacity of the grasslands by "growing more forage grass"; and open the door wide on every side through going outside the region to invite businessmen to invest in local projects.

The above was disclosed by Liu Mingzhu, who was appointed secretary of Inner Mongolia Autonomous Regional CPC Committee only three months ago, in a recent interview with this reporter. It is learned that the development strategy will be finalized at the sixth regional party congress, scheduled for December.

After conducting three-month investigations, Secretary Liu, who assumed office on 15 August, formed the idea that to promote economic development in Inner Mongolia it is necessary to take its past and present into account, carrying forward the development patterns which have proved effective and constantly adjusting and improving those which are incompatible with present needs. Only in this way can economic development be speeded up, he added.

Liu pointed out that Inner Mongolia will mainly rely on state investment to develop its heavy industry, but this will not prevent its developing light industry. Inner Mongolia will in the future bring into full play its unique superiority in natural resources to support the state in its investment in key projects in the region, thus developing local heavy industry.

Due to insufficient transport capacity, Inner Mongolia cannot develop its coal industry by selling coal to other areas. To solve the problem, Inner Mongolia will build big and more power plants to transmit electricity to Beijing and northeast China. According to a report, by 2000 the electricity transmitted to Beijing by Inner Mongolia will increase from the present 400,000-500,000 kilowatts to 4 million kilowatts and Beijing has agreed to finance new power plants in Inner Mongolia.

Inner Mongolia's light industry has grown rather slowly. To speed it up, Liu suggested producing brand-name products. The autonomous region initially plans to produce 50 brand-name products, making them dragon heads for promoting the various industries to which they belong. The local government will give full support to the production of products popular in the country and abroad in terms of funds, technology, equipment, and raw materials. As China's agricultural and animal husbandry base, Inner Mongolia will develop its agriculture and animal husbandry mainly through steadily increasing their outputs. After conducting investigations in Xilin Gol League and other areas, Liu held that relying only upon natural grasslands to increase stock-carrying capacity will lead to desertification of grasslands and to ecological imbalance. Therefore, he proposed "growing more forage grass," that is, growing forage grass in shallows. One mou of shallows can yield 8,000 jin of straw, while a mou of natural grasslands yields less than 100 jin. Again, this method will help animals get through the winter. So the new method answers a multiple purpose. In agricultural areas, animals will grow fat quickly if straw is fed to them in a scientific way, thus increasing the number of animals for sale. This method will be spread region-wide to boost animal husbandry.

Liu said candidly that the basic factor restricting economic development in Inner Mongolia is outmoded concepts. The operational strategy of waiting for customers is undesirable. In his view, to promote economic development, Inner Mongolia must go to other areas at



home and abroad to invite businessmen to invest in local projects, opening wide to the outside world on every side.

Concerning the nationality problem, Liu said from his dealings with local cadres he realized deeply that Inner Mongolia is a big harmonious family for various nationalities. The attempts of Western hostile forces and individual splittists to split up Inner Mongolia are doomed to failure.

When asked about his principle in serving as a leading cadre, he summarized it as pragmatism. He said that if economic growth failed to bring substantial benefits to the people and to improve their living standards, economic growth would be meaningless. The per-capita annual income of residents in towns and cities across Inner Mongolia stands at 1,700 yuan, much lower than the national average of 2,400 yuan. The secretary vowed to make it his objective to narrow the gap and to increase local people's living standards.

#### **Tianjin Personnel Changes Reported**

SK1312011694 Tianjin TIANJIN RIBAO in Chinese 2 Dec 94 p 2

[FBIS Translated Text] Following is the list of personnel changes approved at the meeting of the municipal people's congress standing committee on 30 November:

Liu Guoguang [0491 0948 0342] was appointed director of the air defense office under the municipal people's government.

Liu Baoguo [0491 1405 2704] was appointed director of the municipal textile industrial bureau.

Liu Zhenwu [0491 2128 2976] was appointed director of the municipal medical administration bureau.

Qian Degui was dismissed from the post of director of the air defense office under the municipal people's government.

Cao Xuezhi was dismissed from the post of director of the municipal medical administration bureau.

#### **Report on Growing Foreign Investment in Tianjin**

OW1412170294 Beijing XINHUA in English 1544 GMT 14 Dec 94

[FBIS Transcribed Text] Tianjin, December 14 (XINHUA)—As one of the three biggest municipalities in China, Tianjin is taking advantage of its position as a sea port to attract more and more foreign investments.

By the end of November, 160,000 foreign tourists had visited the city. A large number have come to do business, among whom were more than one hundred managers of many multinational and international companies.

At present, over 40 famous multinational companies, including Mobil, Shell, P&G, AT&T, have joint ventures and agencies in the city.

The Samsung company of the Republic of Korea has announced plans to invest 3 billion U.S. dollars in the city to build an electronics industry center.

The General Electric, USA, has also sent its application to the municipal government for opening its headquarters for the GE financial institution and a household electrical appliances production base in the city.

Another U.S. Business giant, Motorola, has decided to set up its first overseas manufacturing facility of semi-conductors here, and the first industrial park to be developed by European and American countries is also under construction now. At the same time, the Malaysian sugar tycoon, Kuok Hock Nien, has invested 2 billion yuan in a five-star hotel.

By now, a total of 7,799 registered joint ventures have been established in the city, introducing more than 10 billion U.S. dollars. Of these investments, 3.1 billion dollars came this year, up 50 percent compared with that of last year.

Foreign businessmen have further widened their fields of investment and shown increasing interest in investing in transportation systems, the power and tertiary industries.

A total of nine foreign banks from France, the U.S., ROK, Japan, and Singapore have opened branches in the city, while the largest insurance company from Switzerland has also set up a branch in Tianjin.

These have buttressed the city's bid to become a financial center in North China.

The abundant foreign investment has helped the city to bring its obsolete industries up to international standards and increase the competitiveness of its products in the international market.

By the end of October, joint ventures in the city produced 25 billion U.S. dollar worth of goods, or 23 percent of the total industrial output of the city.

Exports of these joint ventures, which have provided job opportunities for 300,000 people, have totaled 500 million U.S. dollars from May to the end of October.

Last month, the mayor of the city, Chang Lichang, attended an international business conference held in Dallas in the U.S. He was the first Chinese ever invited, and made a speech calling for more U.S. cooperation with Tianjin.

The 2,000 international businessmen from more than 1,000 multinational and international companies responded favourably to his speech.

Foreign investment of 1.3 billion U.S. dollars, 1.5 times the total foreign money invested over the past 15 years,

has also been brought in to improve the city's 7 million sq m of poor housing. Of these houses, by now 1.4 million sq m in area has been replaced by modern apartment and office buildings.

At present, the city's telephone lines have exceeded 1 million, and a satellite receiving facility has also been completed.

The port of Tianjin already has the capacity to handle over 40 million tons of goods a year, and work has started to extend the city's subway, improve its water supply facilities, and develop its low temperature nuclear power station.

Tianjin is now turning a good face to the world.

### Northeast Region

#### Status in Heilongjiang Contract Grain Purchase Viewed

SK1512083294 Harbin HEILONGJIANG RIBAO in Chinese 29 Nov 94 p 1

[By Lu Song (0712 2646): "Heilongjiang Province Stores Over Half of Its Contract Grain in Granary"]

[FBIS Translated Text] As of 28 November, Heilongjiang Province stored 2.126 million tonnes of contract grains in the granary, accounting for 52.1 percent of the contract purchasing task, an increase of 400,000 tonnes, or 9.6 percentage points, over the same period last year. Of this, 367,000 tonnes were paddy rice, accounting for 61.7 percent of the rice variety task; 653,000 tonnes were soybeans, accounting for 59.3 percent of soybean variety task, and 429,000 tonnes were corn, accounting for 33.9 percent of the corn variety task. Qingan, Suiling, Tongjiang, and Shuangcheng Counties (cities) in the province have comprehensively fulfilled the contract purchasing tasks. While purchasing contract grains, all localities had also smoothly carried out the work of purchasing grains according to market demands and price changes. So far, more than 300,000 tonnes have been stored in the granary.

#### Jilin Bans Fake Enterprises Run by Military

SK1512062694 Changchun JILIN RIBAO in Chinese 29 Nov 94 p 1

[By Li Baosen (2621 0202 2773) and reporter Liu Xishi (0491 1917 2514): "A Number of Fake Enterprises Run By the Military Have Been Banned"]

[FBIS Translated Text] The number one company of a certain army unit under the provincial military district has conscientiously implemented the relevant guidelines of the higher level, adopted effective measures, and succeeded in effectively checking the problems on arbitrarily using or usurping the army designations or code names to engage in production and operational activities that happened in Changchun city.

For a period in the recent past, problems on some units and enterprises doing business by using the designations or code names of army units have emerged in Changchun city. To deal with this, the No. 1 company of a certain army unit under the provincial military district which was charged with the guarding task took action to immediately ban the operation of those units that used the army designations or code names as a signboard to do business and all false military-run enterprises, servicemen, and military vehicles, and meted out punishment in line with the relevant decrees and regulations. Since mid-October, watch teams have been dispatched on many occasions to check up and maintain order at important sections of an area, important units, and main streets. Scores of units using army designations and code names as the signboard to do business have been banned and a number of fake military car plates have been revoked.

#### Liaoning Strengthens Local Legislation

OW1512105394 Beijing XINHUA in English 1048 GMT 15 Dec 94

[FBIS Transcribed Text] Shenyang, December 15 (XINHUA)—Liaoning Province, a leading heavy industrial center in Northeast China, has promulgated 198 regulations since 1980.

The most recent one was a regulation on road transportation management, the first of its kind ever made in the country.

These regulations can be divided into four kinds: regulations on the implementation of state laws, appendices to national laws, regulations on management in certain aspects not covered by state laws, and regulations submitted by the people's congresses in cities with legislative power.

These local regulations were drawn up on the basis of the long-term economic growth and development of a market economy in the province, said a local legislator.

Economic laws constitute the majority of the local regulations. The number of regulations concerning economic affairs in the Liaodong Peninsula make up 60 percent of the laws promulgated in the province.

These provincial regulations have greatly boosted economic and social development in Liaoning.

#### Correction to Jilin Holds Meeting on Publications

SK1012002794

The following correction pertains to the item headlined "Jilin Holds Meeting on Publications' Distribution," published in the 2 December China DAILY REPORT, page 60:

Column two, sourceline make read: Changchun JILIN RIBAO in Chinese 18 Nov 94 p 1... (Correcting newspaper name)

**KMT Committee Approves Cabinet Reshuffle**

*OW1412105494 Taipei CNA in English 0841 GMT 14 Dec 94*

[By Sodja Wu]

[FBIS Transcribed Text] Taipei, Dec. 14 (CNA)—The ruling Kuomintang's [KMT] decision-making Central Standing Committee Wednesday [14 December] approved a major cabinet reshuffle aimed to cope with the new domestic political situation following the Dec. 3 landmark elections.

The reshuffle included positions in many different government agencies, from the presidential office to labor and cultural affairs departments.

Premier Len Chan, also a KMT vice chairman, said the reshuffle is expected to bring new vision and new hope to the cabinet.

Cabinet sources said the arrangements have been made to coordinate the practical needs of the government and personal desires of officials who will be moved.

Among others, Interior Minister Wu Poh-hsiung, 55, will replace Y.S. Tsiang, 80, as secretary-general to the president, while Huang Kun-hui, incumbent chairman of the Mainland Affairs Council (MAC), will succeed Wu. Tsiang will become a senior adviser to president Li Teng-hui.

Hsiao Wan-chang, 55, chairman of the Council for Economic Planning and Development (CEPD), will be the next MAC chairman.

Vice Premier Hsu Li-te, 63, while retaining his deputy position, will concurrently take over the post left [words indistinct].

Meanwhile, Gen. Chiang Chung-ling, former personal chief of staff to the president, will succeed Sun Chen as defense minister. Sun will become a minister without portfolio.

Chao Shou-po, chairman of the Council of Labor Affairs, will replace Li Hou-kao as secretary-general of the Executive Yuan (or cabinet). The post left by Chao, 53, will be taken over by Hsieh Shen-shan, 55, a seven-term legislator.

Li Hou-kao, 68, will succeed Chang Chun-i as chairman of the Mongolian and Tibetan Affairs Commission. Chang will be assigned to another government post.

Gen. Yang Ting-yun, 66, director of the General Political Warfare Department on the National Defense Ministry, will become new chairman of the Vocational Assistance Commission for Retired Servicemen.

Wang Jen-hung, 55, dean of business affairs of National Taiwan University, will replace Sun Te-hsiung as chairman of the Research, Department and Evaluation Commission.

Cheng Shu-min, 48, head of China television system's planning department, will succeed Shen Tsueh-yung as chairperson of the Council for Cultural Planning and Development. Cheng will be one of the three woman cabinet members. The other two include Kuo Wan-jung, a minister without portfolio, and Chang Po-ya, head of the Department of Health.

All the officials are scheduled to assume their new positions Thursday.

Political observers said the reshuffle is part of the KMT's preparation for next year's Legislative Yuan and 1996 popular presidential elections.

**New MAC Chairman Supports Business Hub Plan**

*OW1512105694 Taipei CNA in English 0747 GMT 15 Dec 94*

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, Dec. 15 (CNA)—Hsiao Wan-chang, the newly inaugurated chairman of the Mainland Affairs Council (MAC) said Thursday [15 December] that the council will fully support the government's plan to build Taiwan into an Asia-Pacific business operations center.

Hsiao, former chairman on the Council for Economic Planning and Development (CEPD), made the statement in a brief, unofficial press conference following a changeover ceremony at 8 A.M., during which he assumed his new post.

The CEPD, Taiwan's top economic planning agency, has been the key promoter of the business hub plan.

Noting that the plan is an established government policy and also a prime economic goal of Taiwan, Hsiao pledged that the MAC will make a detailed evaluation on ways it can help implement it.

On his new post at the MAC, which is in charge of Taiwan's relations with Mainland China, Hsiao said that he will seek cooperation from various government agencies. Cooperation from Mainland China is also needed, he stressed, but conceded that cross-Taiwan Strait ties are fraught with uncertainty.

Hsiao also pointed out that he did not see any difficulty in cooperating with the Straits Exchange Foundation (SEF), the semi-official organization that handles cross-strait exchanges.

**Defense Minister: Generals Involved in Crime**

*OW1412125694 Taipei Voice of Free China in English 0200 GMT 14 Dec 94*

[FBIS Transcribed Text] Defense Minister Sun Chen said Monday [12 December] six generals were found to be related to organized crime groups. Sun said the Defense Ministry has questioned them one by one and



they have been asked to write confessions. It is not clear, however, whether the officers will be formally charged.

Sun's remarks followed newspaper allegations that dozens of military officers have been involved with organized crime rings existing in [words indistinct] in which some merely practice martial arts, but others practice extortion, bribery, or even violence.

Last December, a huge arms procurement scandal surfaced in Taiwan when the body of Captain Yin Ching-feng, chief secretary of the Navy's Procurement Office, was found floating off the northwest coast. A total of 13 military officers in three arms deals have been charged for violating laws protecting military secrets since the scandal broke. Many await trial.

## Hong Kong

### Lu Ping: Council Debate on PWC 'Unlawful'

HK1512055594 Hong Kong SOUTH CHINA  
MORNING POST in English 15 Dec 94 p 2

[By Linda Choy in Beijing and So Lai-fun]

[FBIS Transcribed Text] China's top official in charge of Hong Kong matters, Lu Ping, said yesterday that it would have been "unlawful" for the Legislative Council to debate the legality of the Preliminary Working Committee (PWC).

The debate was scheduled for yesterday. It was cancelled when Democratic Party members walked out in support of Lau Chin-shek, who resigned in protest against the Government's refusal to accept amendments to labour laws passed by the council.

The motion, to have been tabled by Szeto Wah was critical of the PWC's role and its proposal for the setting up of a provisional legislature. But Mr Lu, speaking at a dinner reception to host the visiting Chinese General Chamber of Commerce said the setting up of the PWC, based on a decision of the National People's Congress (NPC), could not be queried.

Mr Lu was quoted by chamber chairman Tsang Hin-chi as saying the NPC was a supreme body

"Under the conditions in China, all its (NPC's) decisions are viable.

"As a law-making body of a regional area, it (the Legislative Council) has no right to challenge the decisions of the NPC," Mr Lu, the Director of Hong Kong and Macao Affairs Office, said.

The future Special Administrative Region (SAR) legislature would not be in the position to question the NPC's decisions either.

According to Mr Tsang Mr Lu also called on the Hong Kong legislature not to make trouble out of nothing, adding that the legality of the PWC and its work were "unquestionable". The council should view the matter from the perspective of China as well as the interests of Hong Kong people, he said.

In Hong Kong, a senior Chinese official pledged that no mainland officials would be stationed in the Hong Kong Government after 1997. Such a move would be a direct contradiction of the policy of maintaining the territory's high degree of autonomy and the principle of "Hong Kong people ruling Hong Kong", said Zhang Junsheng, the vice-director of Xinhua (the New China News Agency).

Mr Zhang said: "According to the Basic Law after 1997 all civil servants can remain, with only a handful of principal officers needing to be appointed by the SAR chief executive.

"Therefore, why should we train mainland cadres to work for the Hong Kong Government (after 1997)?"

He was referring to a report in yesterday's South China Morning Post which said mainland authorities were training an elite corps of officials and "troubleshooters" to be stationed in Hong Kong after 1997. Mr Zhang said the miniconstitution made it very explicit that the chief executive had to be a Chinese citizen who had the right of abode in Hong Kong and had lived here continuously for 20 years. This made it impossible for mainland officials to take up the job, he said.

### Lu Says Stable Finance Vital To Hong Kong

OW1512084394 Beijing XINHUA in English 0824  
GMT 15 Dec 94

[FBIS Transcribed Text] Beijing, December 15 (XINHUA)—The stable development of Hong Kong's finances is one of the most important factors in maintaining Hong Kong's prosperity and stability, a senior Chinese official said here today.

The Chinese government hopes that no great turbulence will take place in Hong Kong's financial circles before 1997, when China regains sovereignty over Hong Kong, said Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council, during his meeting with Edgar Cheng, Chairman of the Hong Kong Stock Exchange.

Lu extended his congratulations on Cheng's recent appointment to his current position, and answered Cheng's questions.

Cheng said that as the contacts between the financial circles of Hong Kong and the mainland become closer, 15 of the mainland's state-owned enterprises have been listed on the Hong Kong Stock Exchange, raising a total of 18 billion H.K. dollars.

The success of these enterprises shows that international financial circles are confident about China's economy and its state-owned enterprises, Cheng added.

He also gave a briefing on the Hong Kong Stock Exchange and Hong Kong stock market.

### Li Ruihuan Meets Chamber of Commerce Group

#### XINHUA Domestic Version

OW1512092794 Beijing XINHUA Domestic Service in  
Chinese 0952 GMT 14 Dec 94

[By reporter Duanmu Laidi (4551 2606 0171 1229)]

[FBIS Translated Text] Beijing, 14 Dec (XINHUA)—Li Ruihuan, member of the standing committee of the CPC Central Committee Political Bureau and chairman of the Chinese People's Political Consultative Conference [CPPCC] National Committee, met with a delegation of

the Chinese General Chamber of Commerce of Hong Kong led by its chairman, Tsang Hin Chi, in the Great Hall of the People today.

Li Ruihuan extended his welcome to the Hong Kong delegation and congratulated Tsang Hin Chi on his election to new chairmanship of the Chinese General Chamber of Commerce of Hong Kong.

Li Ruihuan said: The stability and prosperity of Hong Kong is a positive factor in the Chinese mainland's development and the stability and development of the mainland will be helpful to that of Hong Kong. This is a consensus reached gradually during the course of practice between the people on the mainland and the people in Hong Kong. With this consensus, they share the general objective and desire for maintaining stability and prosperity in Hong Kong and stability and development on the mainland.

Li Ruihuan pointed out: To make good preparations for the returning of Hong Kong to the motherland in 1997 is a very important and complicated task. Hong Kong owes its present standing in the world and its prosperity to many internal factors. Hong Kong and the mainland should make conscientious and penetrating researches on this matter so as to find out a set of ways and means to maintain sustained stability and prosperity in Hong Kong. He said: With the unity of the people throughout the country and efforts by the people in Hong Kong, we will be able to resume the exercise of sovereignty over Hong Kong on schedule and administer the future Hong Kong still better.

Li Ruihuan spoke highly of the work done by the Chinese General Chamber of Commerce of Hong Kong and expressed his hope that it would continue to make more contributions to maintaining Hong Kong's stability and prosperity and to supporting economic construction on the mainland.

Tsang Hin Chi said that the Chinese General Chamber of Commerce, as a patriotic organization, will strengthen its ties with the mainland and unite the vast number of its members in doing its best for the smooth transfer and the prosperity and stability of Hong Kong.

Present at the meeting were Wang Zhaoguo, vice chairman of the CPPCC National Committee and director of the United Front Work Department of the CPC Central Committee; Jing Shuping, chairman of the All-China Federation of Industry and Commerce; Zheng Wantong, deputy director of the United Front Work Department of the CPC Central Committee; and Chen Ziyang, deputy director of the State Council's Hong Kong and Macao Affairs Office.

#### XINHUA English Version

OW1412170794 Beijing XINHUA in English 1610  
GMT 14 Dec 94

[FBIS Transcribed Text] Beijing, December 14 (XINHUA)—The stability and prosperity of Hong Kong is a positive factor in the Chinese mainland's development and

the stability and development of the mainland will be helpful to that of Hong Kong.

The remark was made here today by Li Ruihuan, member of the Standing Committee of the Politburo of the Central Committee of the Communist Party of China and Chairman of the National Committee of the Chinese People's Political Consultative Conference. He was meeting with a delegation of the Chinese General Chamber of Commerce of Hong Kong led by its Chairman Tsang Hin Chi.

Li pointed out that preparations for the returning of Hong Kong to the motherland in 1997 are very important and are the complicated task. Hong Kong owes its prosperity to many internal factors, on which Li urged Hong Kong and the mainland to make conscientious and penetrating researches.

"With the unity of the people throughout the country and efforts by the people in Hong Kong, we will be able to resume the exercise of sovereignty over Hong Kong in time and administer the future still better," he said.

Li spoke highly of the work done by the Chinese General Chamber of Commerce of Hong Kong and expressed his hope that it would surely do an even better job in the future.

Tsang Hin Chi said that the chamber will continue to do its best to maintain the smooth transfer and the prosperity and stability of Hong Kong.

#### Further on Wu Yi Comments on Trade Ties

OW1412165694 Beijing XINHUA in English 1531  
GMT 14 Dec 94

[FBIS Transcribed Text] Beijing, December 14 (XINHUA)—Chinese Minister of Foreign Trade and Economic Cooperation Wu Yi said here this afternoon that economic and trade relations between the Chinese mainland and Hong Kong are "as close as the lips to the teeth".

She made the remark at a meeting with a delegation of the Chinese General Chamber of Commerce of Hong Kong, headed by its chairman Tsang Hin Chi.

During the meeting, Wu expressed her hope that the Chamber with its long history and its many members could further contribute to economic, trade, and technological exchanges and to the cooperation between the Chinese mainland and Hong Kong, as well as to the prosperity and stability of Hong Kong.

She went on to say that both sides need each other, that the two economies complement each other, and provide mutual benefits as a basis and a motive force for economic and trade relations over the long run.

She noted that entrepot trade is becoming more and more important for Hong Kong and that the Chinese mainland is the largest provider of and market for this trade.



In addition to that, Hong Kong is the largest single investor in the Chinese mainland, she said.

Wu also briefed the guests on the development of the Chinese domestic economy and answered questions raised by the guests concerning the resumption of China's contracting party status to the General Agreement on Tariffs and Trade (GATT).

Director of the Hong Kong and Macao Affairs Office of the State Council Lu Ping and Deputy Director of the Office Chen Ziyang met with the Hong Kong guests and hosted a dinner in their honor here this evening.

During the meeting, Lu expressed his hope that more of the people of Hong Kong can take part in the preparations for the establishment of the Hong Kong Special Administrative Region.

#### **XINHUA's Zhou Nan Addresses Anniversary Show**

*OW1412141494 Beijing XINHUA in English 1357 GMT 14 Dec 94*

[FBIS Transcribed Text] Hong Kong, December 14 (XINHUA)—The Sino-British Joint Declaration, together with the Basic Law, is a reliable guarantee for terminating the British colonial rule in Hong Kong and securing a smooth transition and long-term prosperity and stability in the area, said a senior Chinese official here today.

Zhou Nan, director of Hong Kong branch of the XINHUA NEWS AGENCY, made the remarks this afternoon while addressing the opening ceremony of a large-scale photo exhibition in commemoration of the 10th anniversary of the Sino-British Joint Declaration, a historic document guiding the future of Hong Kong, which was formally signed on December 19, 1984.

Zhou said that the signing of the Sino-British Joint Declaration which is based on the "One Country, Two Systems" policy initiated by Deng Xiaoping is a successful example for solving issues left over in history through peaceful negotiations and is of far-reaching historic significance.

He said that despite the ups and downs during the course of the implementation of the Sino-British Joint Declaration, the Chinese Government has always acted strictly in accordance with the provisions of the joint declaration and has made unyielding efforts to safeguard the joint declaration and the Basic Law.

Zhou revealed that the British side had recently expressed its wish to resume cooperation with the Chinese side and expressed the hope that the British side could match its words with deeds and do something more practical in the remaining two and a half years for the smooth transfer of power in Hong Kong in 1997 instead of creating more troubles and obstacles.

He expressed the belief that with the support of the strong Chinese motherland and the concerted efforts by the six million Hong Kong compatriots, the joint declaration is

sure to be really and fully implemented so as to secure a smooth transition and long-term prosperity and stability in Hong Kong.

Zhou urged the people from all walks of life in Hong Kong to be more actively engaged in safeguarding the Sino-British Joint Declaration and the Basic Law and to show their concern and support for all the work regarding the preparations for the Hong Kong Special Administrative Region.

He urged the Hong Kong people to make their own contributions to the smooth return of Hong Kong to the Chinese motherland and the sustained prosperity and stability in the region by knocking down all the possible barriers on the road of progress.

He also wished that the photo exhibition will help local people to have a better understanding of the "One Country, Two Systems" policy and enhance their confidence in the future of Hong Kong.

On display at the exhibition, called "A Brighter Future for Hong Kong," are hundreds of pictures, including those showing how the joint declaration was produced and implemented over the past decade. It attracted hundreds of visitors today.

Present at the opening ceremony of the event were Ann Tse Kai, vice chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), Henry Ying Tung Fok, also a CPPCC vice chairman, and Li Ka Shing, a local leading businessman.

Qian Weichang, CPPCC vice chairman who happened to be in Hong Kong on business, was also present.

The exhibition was organized by the Publicity Section and general editorial office of the Hong Kong branch of the XINHUA NEWS AGENCY and dozens of local institutions.

#### **Bank of China Official on Role After 1997**

*HK1512033794 Hong Kong TA KUNG PAO in Chinese 13 Dec 94 p 2*

["Special dispatch": "Chen Yuan Says People's Bank of China's Support To Hong Kong Special Administrative Region After 1997 a Matter of Duty"]

[FBIS Translated Text] Beijing, 12th (TA KUNG PAO)—Chen Yuan, People's Bank of China vice governor, said today in a meeting with a delegation of the Hong Kong International Chamber of Commerce on a visit to Beijing that the central government and People's Bank of China would do the best they can if special circumstances arise in Hong Kong which call for its support and assistance, because that would be a duty of the state.

Delegation leader Paul Cheng said after the meeting that the delegation had spoken with Chen Yuan about the role to be played by the People's Bank of China in Hong Kong's financial stability after 1997, citing Chen Yuan as saying

that, though it will be a special administrative region after 1997, Hong Kong will still be under China, and, as the state authorities, China has responsibility for Hong Kong. Therefore, if special circumstances arise regarding Hong Kong's finances, the Chinese Government and People's Bank of China will do the best they can to support Hong Kong—financially and in terms of policy. If there is a problem, the state will do its best to provide assistance.

On Hong Kong and Shanghai's future status and possible competition, Chen Yuan said that there will be no competition between the two; Hong Kong will be China's international financial center, while Shanghai will be more domestically oriented. Hong Kong's banking system will also remain unchanged after 1997.

Chen Yuan touched on the problem of inflation on the mainland, saying that solving this problem remains difficult. One of the reasons is the rapid increase in prices for agricultural goods. China will continue to make great efforts over the next two years to prevent inflation from becoming worse.

#### **Legislator Resigns To Protest Bill Withdrawal**

HK1512055494 Hong Kong EASTERN EXPRESS in English 15 Dec 94 p 1

[By Wing Kay Po]

[FBIS Transcribed Text] Furious liberal political factions sent out a warning about the territory's constitutional future, following last night's shock resignation of the Democratic Party legislator Lau Chin-shek.

Lau resigned after the Government moved to withdraw a bill to avoid his amendment to increase severance pay for workers being passed. The liberal camp said the government action has reduced Legco [Legislative Council] to a rubber stamp and warned that the Government had set a dangerous precedent by placing a labour advisory body, from which the Government sought agreement on the bill, above Legco.

Lau, a veteran trade unionist, announced his resignation following the Government's withdrawal of the Employment (Amendment) Bill after legislators voted in favour of his amendment. The amendment called for an increase in the level of compensation for workers when their companies close down. This is the first time a Hong Kong legislator has resigned in protest at the Government.

The other Democratic Party legislators shocked by Lau's decision, immediately walked out in protest.

"The Government has not only ignored the legislature, it has insulted legislators and mocked their voters," the party whip Szeto Wah, said.

The Government had tabled a bill to seek to increase the upper limit of redundancy payable to workers from 12 months of the worker's salary to 16 months, without changing the limit on the maximum amount of \$180,000.

Yesterday Lau tabled an amendment seeking to raise the maximum amount payable to \$230,000.

The Secretary for Education and Manpower, Michael Leung, said the Government would not accept changes to its proposal which has been endorsed by the Labour Advisory Board (LAB), the Government's adviser on labour and employment matters.

Lau's amendment was narrowly passed, 25 to 24, with two abstentions. At the third reading, the Government insisted on withdrawing the bill and Lau then announced his resignation, effective today.

This is the second attempt by the Government to thwart Lau's moves to amend its proposal since the Government first tabled the bill in the last legislative session in July. Last time, the Government refused to move the third reading when legislators passed an amendment moved by Lau, to remove the upper limits on payments payable to workers.

#### **'Pro-China' Parties Support Withdrawal of Bill**

HK1512055894 Hong Kong EASTERN EXPRESS in English 15 Dec 94 p 2

[FBIS Transcribed Text] The Liberal Party and the pro-China Democratic Alliance for the Betterment of Hong Kong (DAB) said the Government had reasons to justify withdrawing the Employment (Amendment) Bill. The Liberal Party leader, Allen Lee, said the administration was right in respecting the consensus reached by the Labour Advisory Board (LAB).

The Government was forced to exercise its right to withdraw the bill because it had the responsibility to ensure the LAB's consensus would not be overridden, Lee said. He said the Secretary for Education and Manpower, Michael Leung, and legislator Lau Chin-shek need not have been so "emotional" in crossing swords during the debate.

A DAB legislator, Tam Yiu-chung, blamed Leung for being "provocative" by openly declaring that he would withdraw the bill if Lau's amendment was carried. "(Leung's) remarks will influence or even force members to vote (in certain ways)," Tam said.

"The Government should not have gone to such an extreme firm stance," he said. Tam, another prominent legislator representing the labour sector in the legislature, said Lau was too emotional. He said the row would hamper relations between Legco and the Government.

An independent legislator, Anna Wu, said Leung should be the one to resign. She accused the Government of "shifting the power centre" by using an advisory body's consensus to override the Legco [Legislative Council] decision. She said the incident would undermine Hong Kong's rule of law and polarise relations between Legco and the Government. She urged Lau to withdraw his resignation from Legco.

Workers groups criticised the Government for its actions, saying Legco was not being respected. Labour groups had mixed reactions at the Government withdrawal and Lau's resignation.

In a statement, the Hong Kong Federation of Trade Unions' rights and benefits committee condemned the Government's withdrawal of the bill, saying elderly workers receiving low wages will suffer the most. The consensus appeared to be that with several other pieces of pending legislation on the table it would be difficult to resuscitate the bill. There was also criticism of Lau's handling of the bill.

Leung Tsz-leung, the assistant general-secretary of the Trade Union Council, said it was put too aggressively and lacked the spirit of conciliation. Even before yesterday's vote there was strong indication that the Government would not accept it.

For example, Lau proposed that workers should only need to have 18 years of experience to qualify for benefits, while the Labour Advisory Board pressed for 24 years as the limit. Leung said the interests of both employers and employees have to be considered.

Leung said the Government was wrong and that they should have given Lau's bill a chance—especially as this was only the second reading. If a third reading was allowed, there would be an opportunity to consult.

#### Editorial on Government 'Mockery of Democracy'

HK1512065994 Hong Kong SOUTH CHINA  
MORNING POST in English 15 Dec 94 p 22

[Editorial: "Mockery of Democracy"]

[FBIS Transcribed Text] If Chris Patten still believes as firmly in democracy and the empowerment of the Legislative Council as he once claimed, he will be deeply embarrassed by Lau Chin-shek's dramatic resignation from the Legislative Council [Legco] yesterday. The evidence, however, is that he and his senior advisers are as keen to see Legco revert to its former role of rubber stamp as Chinese officials.

Secretary for Education and Manpower Michael Leung Man-kin may have been understandably frustrated to see his handiwork amended by Legco for the second time in six months. But by withdrawing the Bill after Councillors had voted in support of the amendment, Mr Leung has made a mockery of the democratic process. Constitutionally, it is Legco, not the Labour Advisory Board (LAB), which has the final word on how Government bills are passed into law.

Mr Lau's amendment passed by only one vote. But earlier this year the Governor's constitutional reform package was passed by a very slim margin. Under Legco's simple majority system, one vote is enough.

If the Government fails to respect a majority vote, it disempowers both the legislators and those who voted them into office.

Mr Leung's argument that respecting the decisions of the LAB is a matter of important principle is in such ludicrous contrast to the Governor's pious insistence on making international agreements between Britain and China subject to Legislative Council endorsement that one wonders why fought [he] as hard as he did to get the proposition accepted in Beijing.

Bills should not be withdrawn lightly. It is worth bearing in mind that under the post-1997, executive-led system enshrined in the Basic Law, the Chief Executive's refusal to sign a bill passed by Legco for the second time is considered a crisis serious enough to allow the dissolution of the Council. Dissolution is a weapon so mighty that it may be wielded only once during the Chief Executive's term of office. The Governor should not resort to anything so anti-democratic as dissolving Legco; but he must stop his policy secretaries treating it as a rubber stamp.

#### Rail Development To Require Beijing Approval

HK1512045094 Hong Kong SOUTH CHINA  
MORNING POST in English 15 Dec 94 pp 1, 2

[By Steve Ball and Louis Won]

[FBIS Transcribed Text] Hong Kong is set for a railway building bonanza that will nearly double the amount of track by the year 2001.

The new lines would slash travelling times for hundreds of thousands of commuters, make it easier to take the train to China and bring in valuable freight traffic by rail direct to the container port, said Transport Secretary Haider Barma unveiling the Government's Railway Development Strategy to the Legislative Council yesterday. He said the total cost would be up to \$56 billion [Hong Kong dollars] in today's prices, but the lines would be self-financing without the need for the Government to inject cash or sweetened property deals.

However, the plans would have to be agreed by the Chinese through the Joint Liaison Group because most of the money would be spent after 1997. Top priority goes to lines needed by 2001.

Passengers from Tuen Mun and Yuen Long will speed into West Kowloon in new 130 km/h trains taking between half an hour and 50 minutes for a journey that now lasts an hour and a half. This so-called Western Corridor railway will be 52 kilometres long and will include a new international passenger terminal in West Kowloon next to the Airport Railway and rail links to Lowu and Lok Ma Chau. Freight traffic will go through Lowu to a new rail terminal in Kwai Chung. Congestion on the Nathan Road Corridor and at Kowloon Tong station will be eased by the return of the Kowloon-Canton Railway [KCR] to Tsim Sha Tsui, from where it was evicted in 1975.



The Mass Transit Railway (MTR) will be extended nine km to Tseung Kwan O. A new tunnel link between Quarry Bay and Tin Hau will mean passengers tired of walking five minutes to change lines can do it at Tin Hau instead. Meanwhile a new kind of railway will run 12 km from Ma On Shan to Tai Wai. The intermediate capacity system will be halfway between a light rail and an MTR.

"It is my belief that our strategy will contribute greatly towards improving our overall transport network, relieving road congestion, supporting further development of land in the New Territories and assisting in Hong Kong's further economic growth," Mr Barma said. He stressed that the plans were only blueprints and detailed financial and engineering studies had to be done before the routes and fare levels could be decided. The MTR and the KCR would be invited to build the Tseung Kwan O extension and the Western Corridor respectively, but so far no one had offered to build the Ma On Shan line. In a controversial move Mr Barma said it would not be economic to extend the \$32 billion northwestern rail line into the heart of Tuen Mun.

"It would cost slightly more than \$2 billion if the extension was above ground while tunnelling would mean a cost of \$3 billion to \$4 billion," he said. The environmental impact would be serious and there was no suitable site available. However, legislators rejected the Government's claim that there was no urgent need for the proposed northwest New Territories rail link to be extended to Tuen Mun town centre. They said that by not extending the line into the centre of Tuen Mun, it would serve only a small section of residents.

Democratic Party legislator Zachary Wong Wai-yin rejected Mr Barma's claim that the extension would have involved substantial added costs. Mr Wong pointed out that the cost would be about 10 per cent of the cost of the whole Western Corridor project, which is between \$45 billion and \$53 billion.

"As the link could serve a lot more people if it reaches the centre of Tuen Mun, I don't see why it's not cost effective to extend the link," he said.

His party colleague, Lee Wing-tat, questioned whether the Government was trying to protect the interests of the Light Railway Corporation, as the people living in the centre of Tuen Mun would be forced to keep using light railway vehicles.

#### Growing But Still Minority Support for Beijing Rule

HK1212051194 Hong Kong SOUTH CHINA  
MORNING POST in English 12 Dec 94 p 2

[By Fung Wai-Kong]

[FBIS Transcribed Text] The percentage of Hong Kong people supporting the return of the territory to Chinese rule has increased, but is still less than that believing it should remain British, according to a seven-year survey project.

In 16 polls conducted between 1987 and this year, a minority of the respondents thought making Hong Kong a Special Administrative Region of China was an ideal solution to the end of the lease, David Bottomley of Asian Commercial Research (ACR) said. More people believed staying part of Britain was a better option. The option of making Hong Kong an independent nation was the least attractive, the analysis showed.

In 1987 when the question was first asked, 48 per cent of the respondents preferred Hong Kong to remain a British colony. The figure had dropped to 39 per cent in March this year. The percentage of people supporting Hong Kong's reversion to China rose from 18 per cent in 1987 to 29 per cent in March. The figure dropped to 15 per cent in 1989 after the Tiananmen Square massacre.

ACR interviewed a total of 10,030 people in the 16 polls.

#### Yao Yilin's Son 'Tricked' by Scandal-Hit Firm

HK1512055694 Hong Kong EASTERN EXPRESS in  
English 15 Dec 94 p 1

[By Bruce Gilley]

[FBIS Transcribed Text] Yao Mingwei, a son of the retired Chinese Communist Party leader Yao Yilin, who died on Sunday, claims he was "tricked" into becoming the chairman of MKI Corporation, the first publicly listed company in Hong Kong which regulatory authorities want closed down by the courts. It has also emerged that he accepted the post while continuing to hold a central government position in Beijing, in apparent contravention of mainland regulations.

The revelations about the "Red Prince [as published]", or son of a senior Chinese leader, are expected to embarrass Communist Party officials, preparing for a solemn funeral on Monday for the party "immortal" Yao Yilin. The case has also served to highlight the growing links between mainland power and Hong Kong money in the lead up to 1997.

Yao Mingwei said from Beijing yesterday, where he is preparing for his father's funeral, that he "felt tricked" over the MKI affair, according to his personal secretary, Song Huaibin.

"He thinks that the company was not too good. They used him to get money out of the mainland, but never told him the background to the business," she told EASTERN EXPRESS yesterday.

"He knows it's not a good situation. I've been faxing him local press reports which mention his name directly," she said.

It was not clear if Yao knew the company's shares had been suspended from trading since June when he accepted the offer to be its non-executive chairman late last month. "I only learned about that after reading this week's papers," Song said.

Yao left the territory for Beijing on Sunday afternoon but planned to return "as soon as possible" after the funeral, Song said. She said he was feeling "exhausted" after receiving droves of government and party sympathisers at the family's Beijing home. "I don't want to tell him too much about this affair. He is already very tired," she said.

The Securities and Futures Commission applied to the High Court on Tuesday to have MKI wound up on suspicion of misleading shareholders and fraud. The company's shares have been suspended since June. Under the chief executive, Khundkhar Khalid Ahmed Hossain, whose uncle was a Pakistani ambassador to Beijing in the 1970s, the company had made a bevy of announcements this year about deals in China. Among the most eye-catching was the supposed sale of supercomputers to the remote province of Inner Mongolia, carrying a price tag which exceeded the province's annual import budget.

The company also held a sumptuous banquet in Beijing which was attended by senior Chinese leaders, including seven vice-ministers.

Yao, the head of the Ministry of Machinery Industry's international cooperation department, accepted the troubled company's offer to become its nonexecutive chairman late last month. He had already spent a lot of time in the territory cutting deals for the ministry's Shenzhen-based company, Zhongji Enterprise Development Centre, and was apparently impressed by MKI's Beijing connections. "But he was given no duties and held no shares in MKI," Song said. "It was just a symbolic thing."

State Council regulations against corruption forbid the children of party cadres from using their reputations or influence in commercial pursuits. Separate rules ban the simultaneous holding of government and enterprise posts. The deputy head of the Machinery Ministry's international co-operation department, Shao Qingrong, said yesterday that there were no ties between the ministry and MKI.

#### 176 SRV Migrants Leave for Home

OW1312153894 Beijing XINHUA in English 1506  
GMT 13 Dec 94

[FBIS Transcribed Text] Hong Kong, December 13 (XINHUA)—A group of 176 Vietnamese migrants today left Hong Kong for home under the Voluntary Repatriation Program of the United Nations High Commissioner for Refugees.

Comprising 55 men, 49 women, 37 boys and 35 girls, they were the 221st batch to go back under the program.

The group brought to 4,965 the total number of Vietnamese migrants who had returned this year, and to 43,578 the total number of returnees since the program started in March 1989.

There are still about 24,000 Vietnamese migrants remaining in Hong Kong.

#### Basic Law Dramatised in Video Love Story

HK1312061194 Hong Kong SOUTH CHINA  
MORNING POST in English 13 Dec 94 p 2

[By Michelle Chin]

[FBIS Transcribed Text] China's Basic Law promises have been dramatised in a 20-minute video love story as part of a soft-sell campaign by a pressure group. The romance, starring Canto-pop singers, sought to answer anxieties and queries over such livelihood matters as marriage, nationality, immigration, family planning and freedom of speech after the sovereignty changeover.

The video, of which 2,000 copies have been produced, cost \$400,000. It will be made available to the public free by the Joint Committee for the Promotion of the Basic Law.

Speaking at a ceremony to launch the video, Weng Xinqiao of the Xinhua (New China News Agency) Department of Education, Science and Technology admitted a vast portion of the population were still ignorant and misunderstood the future constitution.

"In these remaining two years, all sorts of activities aiming to promote the Basic Law are good," he said.

#### Civil Servant Recruitment Welcomes Review

HK1312061394 Hong Kong EASTERN EXPRESS in  
English 13 Dec 94 p 2

[By Shiny Li]

[FBIS Transcribed Text] China has welcomed plans by the Hong Kong government to consider the recognition of graduates who obtain academic qualifications from the mainland in the recruitment of civil servants.

The head of the department of education, science and technology of the local New China News Agency (Xinhua), Weng Xinqiao, said most of the Beijing-appointed preliminary working committee (PWC) members thought that it was not fair that mainland degree holders were excluded from applying for civil servants' jobs.

Weng said: "If the Government really ... is trying to establish a new system in the assessment of the academic qualifications obtained from other places, we welcome it." Weng said if local mainland degree holders could pass the examinations prepared by the Government, they should be allowed to join the civil service.

The PWC has recommended in their recent report that the future Special Administrative Region government needed to set up a mechanism to assess foreign degrees.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

#### SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2804, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.



**END OF**

**FICHE**

**DATE FILMED**

21 DEC 1994

